

Risk aversion propels the dollar higher

Investor sentiment was holding a mildly risk-off tone yesterday, on both sides of the Atlantic. In Europe, political turmoil in France remained front and centre, as outgoing PM Lecornu's last ditch efforts to form a new government continued. Meantime, German industrial orders contracted sharply for a second consecutive month, down by 0.8% in August (vs. +1.1% f'cast). At the same time, the US government shutdown showed little signs of ending.

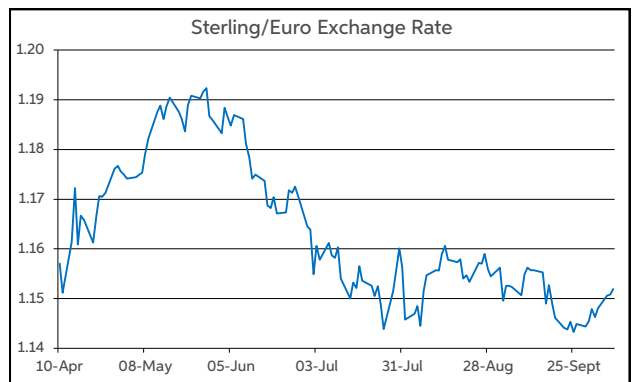
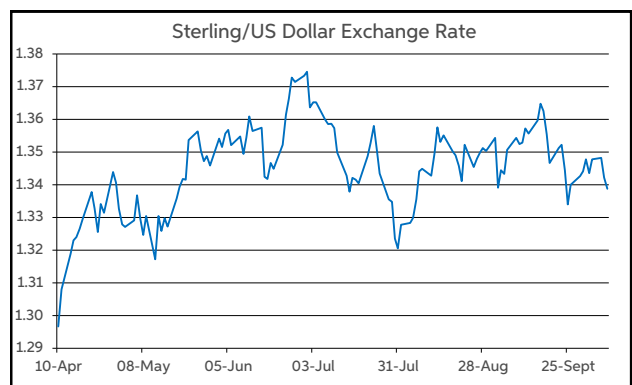
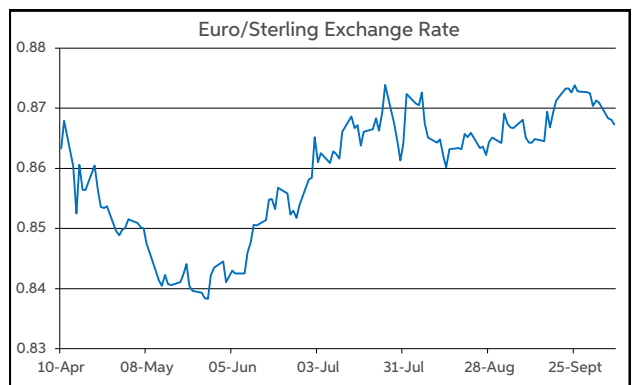
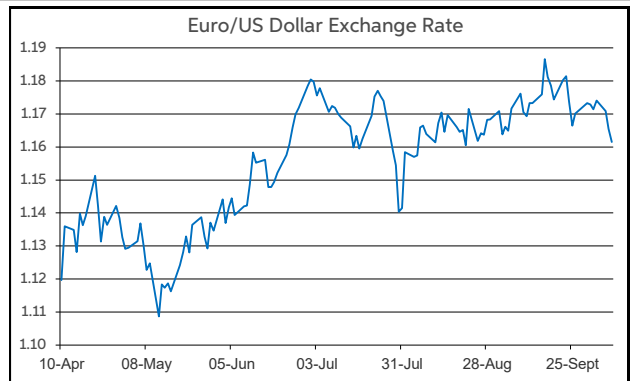
Against this backdrop, the Euro Stoxx 50 declined by 0.3%, while on Wall Street, the S&P 500 fell by 0.4%. In terms of fixed income, yields edged slightly lower across the board. The spread between French and German 10-year yields stayed at around 85bps. Meantime, the risk averse mood on markets also saw gold futures surpass \$4,000/oz for the first time ever.

On the currency front, the yen remained on the defensive. This was largely owing to a softening in market rate expectations, amid a sharp slowdown in wage growth in August, and concerns regarding the economic policies of newly elected LDP leader Takaichi. Meantime, the weaker tone to risk appetite also provided a supportive backdrop for the dollar.

In level terms, USD/JPY peaked at ¥152.65 overnight, its highest level since early February. As trading gets underway this morning, the pair remains north of the ¥152 mark. Elsewhere, EUR/USD is changing hands down in the lower half of the \$1.16-1.17 range. GBP/USD is back below the \$1.34 threshold. EUR/GBP remains in the upper region of the 86-87p trading band.

Turning to the day ahead, the macro calendar is light once again. Indeed, the only publication of note will be Fed meeting minutes from September. Aside from the release, market participants will be keeping a close eye on political developments in France and the US.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1615	-0.70	12.19
EUR/GBP	0.8673	-0.09	4.84
GBP/USD	1.3387	-0.59	7.00
GBP/EUR	1.1525	0.09	-4.61
USD/JPY	152.35	1.29	-3.07
EUR/JPY	176.98	0.58	8.74

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
Base Rate	Money Market			Swap Rates		
	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr	
USD	4.13	4.07	3.92	3.58	3.62	3.64
EUR	2.00	1.92	2.03	2.12	2.15	2.39
GBP	4.00	3.96	3.95	3.84	4.01	4.09

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Wednesday 08 October 2025
06:51 am



Euro

EUR/GBP	0.8673
EUR/USD	1.1615
EUR/JPY	176.98
EUR/SEK	10.9687
EUR/DKK	7.4656
EUR/NOK	11.611
EUR/CHF	0.9303
EUR/AUD	1.7692
EUR/HKD	9.0406
EUR/CAD	1.6224

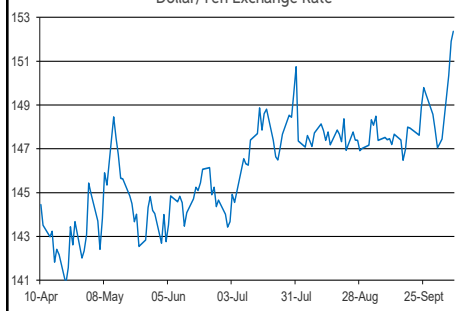
Sterling

GBP/EUR	1.1525
GBP/USD	1.3387
GBP/CAD	1.8697
GBP/NZD	2.331
GBP/JPY	203.95
GBP/SEK	12.6415
GBP/DKK	8.603
GBP/NOK	13.3843
GBP/CHF	1.0721
GBP/AUD	2.0392

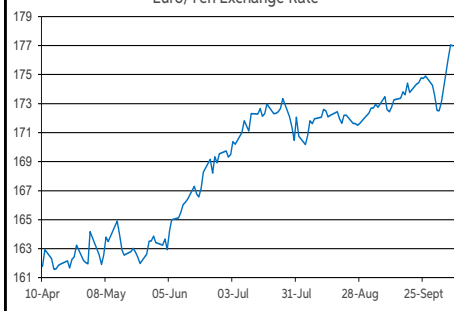
Dollar

USD/JPY	152.35
USD/CAD	1.3968
USD/CHF	0.8009
USD/CNY	7.119
USD/BRL	5.3545
USD/RUB	82
USD/INR	88.769
AUD/USD	0.6562
NZD/USD	0.574

Dollar/Yen Exchange Rate

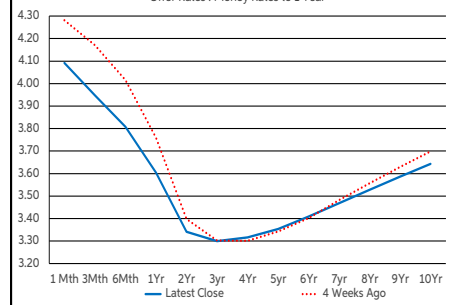


Euro/Yen Exchange Rate



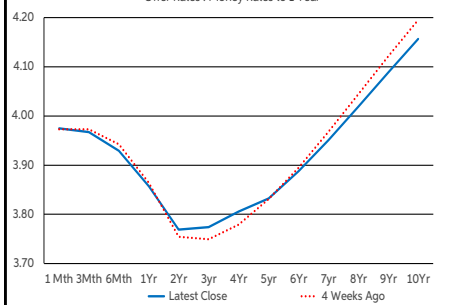
US Swap Curve

Offer Rates : Money Rates to 1 Year



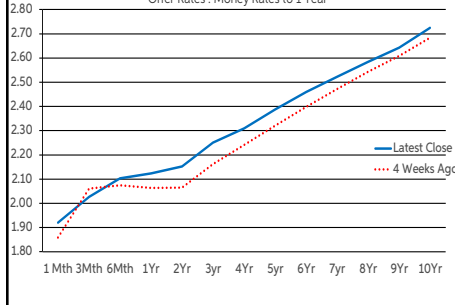
UK Swap Curve

Offer Rates : Money Rates to 1 Year

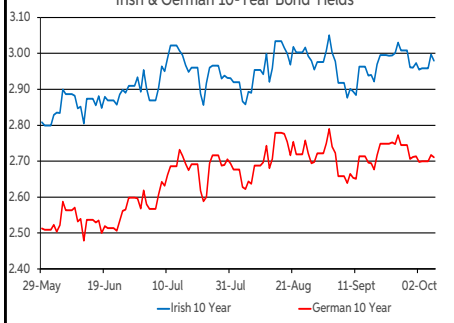


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.13	-4	+5	-45
Germany	2.71	-1	+5	+35
UK	4.73	-1	+10	+15
Ireland	2.98	-2	+8	+33
Belgium	3.29	+1	+8	+31
France	3.57	-0	+10	+38
Italy	3.56	-1	+5	+4
Spain	3.26	-0	+1	+19
Portugal	3.12	+0	+2	+27
Greece	3.42	+1	+8	+17
5 Year Swap %				
US	3.62	-2	+11	-67
Eurozone	2.38	+0	+10	+15
UK	4.09	+0	+9	-20
2 Year Swap %				
US	3.60	-3	+3	-73
Eurozone	2.15	+1	+6	-4
UK	4.00	-1	+6	-49
10 Year Government Bond Spreads to Benchmark bps				
Ireland	27	-1	+3	-2
Belgium	58	+1	+3	-4
France	86	+1	+5	+3
Italy	85	+0	+1	-30
Spain	55	+1	-4	-16
Portugal	41	+1	-2	-8
Greece	71	+2	+3	-18

Commodities

	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	65.45	-0.03	-1.42	-12.31
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3983.5	+0.58	+9.86	+51.82

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