Morning Comment

AIB Treasury Economic Research Unit

Monday 20 October 2025
07:23 am

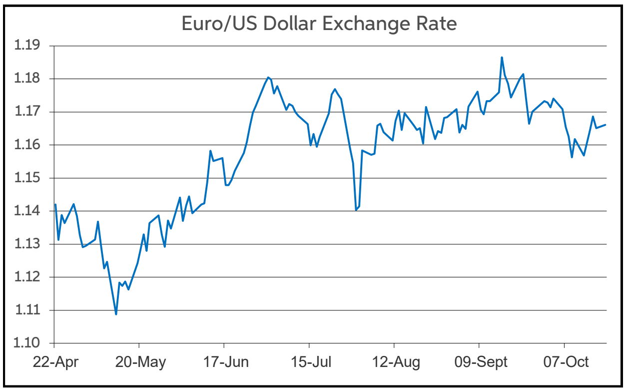
Dollar volatility, despite dearth of US data

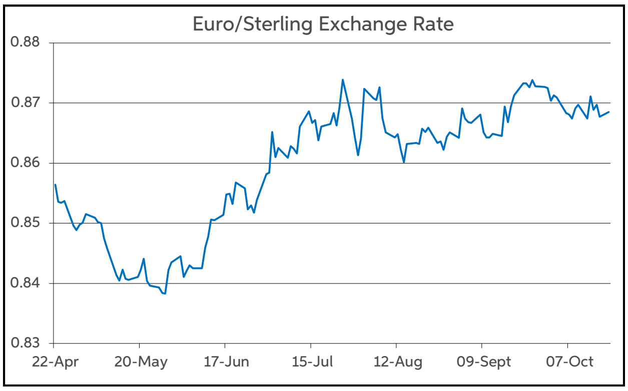
The dollar experienced some volatility last week. With the US government still in 'shutdown' mode, as well as a quiet macro data calendar elsewhere, it meant that the escalation of US/China trade tensions very much dominated the market news. The greenback was reactive to the ebb and flow of the newsflow regarding these tensions. Some less confrontational language from the White House earlier in the week provided support to the dollar, reflected in EUR/USD trading to a low of $1.154 and USD/JPY regaining the ¥152 threshold. Overall though, the trade related newsflow tended to play out as more dollar 'negative' than 'positive' over the course of the week.

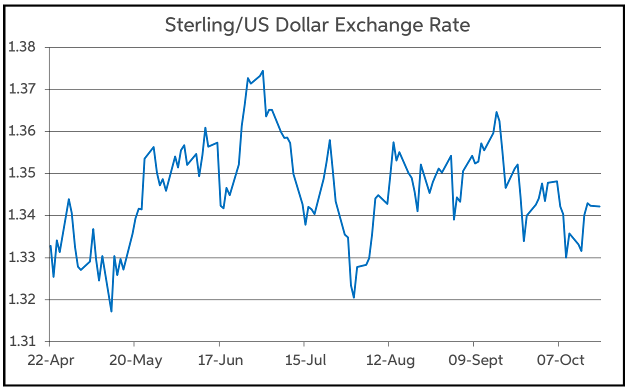
The currency was also not helped by dovish leaning comments from several Fed speakers, including Fed Chair Powell. Meanwhile, concerns over the performance/credit risk of some US regional banks towards the end of the week was also a headwind for the currency. Elsewhere, in terms of the majors, the euro got some marginal support from the French PM Lecornu surviving two no-confidence votes. From a yen perspective, there appeared to be some progress in the government/coalition negotiations. Aggregating all of the above, the dollar starts this week holding a modestly softer tone from where it started last Monday. This is evident in EUR/USD operating in the upper half of $1.16-1.17, USD/JPY below ¥151 and GBP/USD above $1.34. Meantime, the action in EUR/GBP has remained contained within a narrow 86.6p-87.3p range.

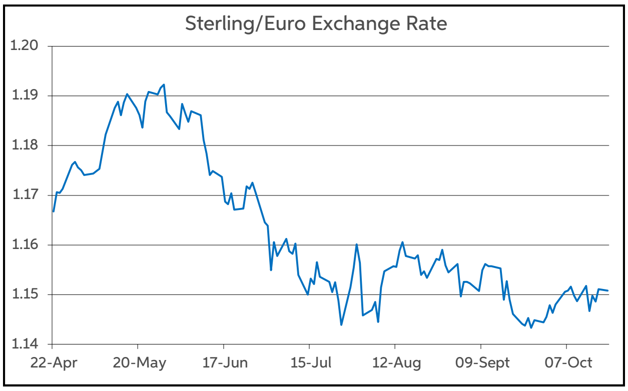
Looking ahead to this week, US/China trade developments will remain in focus and therefore continue to be a potential directional driver for the dollar. Data-wise, the US macro diary remains impacted by the 'shutdown' but US CPI inflation (Sept) is due to be released. The flash PMIs for October from the US, Eurozone and UK will provide an early read on how these economies performed at the start of Q4.

John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/USD	1.1661	-0.41	12.63
EUR/GBP	0.8685	-0.22	4.98
GBP/USD	1.3422	-0.21	7.28
GBP/EUR	1.1508	0.22	-4.74
USD/JPY	150.69	0.50	-4.13
EUR/JPY	175.76	0.09	7.99

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates

		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	4.13	3.99	3.85	3.46	3.51	3.53
EUR	2.00	1.92	2.01	2.08	2.08	2.28
GBP	4.00	3.95	3.92	3.74	3.88	3.93

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

All Data Sourced from Refinitiv

Opening Levels

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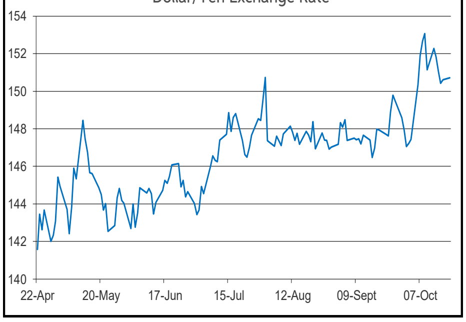
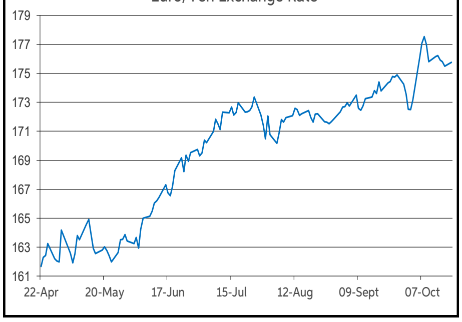
AIB

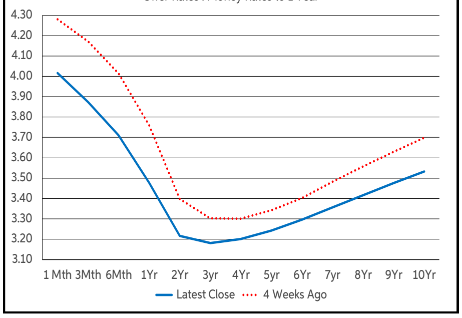
Euro	
EUR/GBP	0.8685
EUR/USD	1.1661
EUR/JPY	175.76
EUR/SEK	10.985
EUR/DKK	7.468
EUR/NOK	11.7275
EUR/CHF	0.925
EUR/AUD	1.7941
EUR/HKD	9.0571
EUR/CAD	1.6351

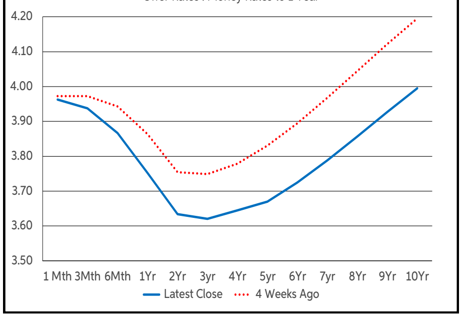
Sterling	
GBP/E	1.1508
GBP/L	1.3422
GBP/C	1.882
GBP/N	2.341
GBP/J	202.26
GBP/S	12.639
GBP/D	8.5935
GBP/N	13.4999
GBP/C	1.0646
GBP/A	2.065

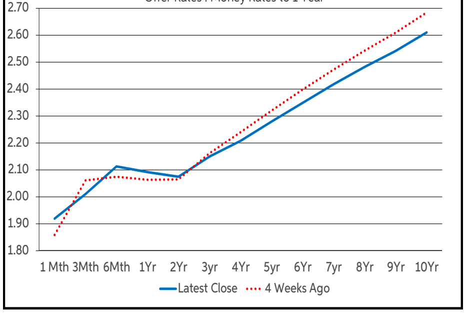
Dollar	
USD/JPY	150.69
USD/CAD	1.4022
USD/CHF	0.7932
USD/CNY	7.1237
USD/BRL	5.4039
USD/RUB	81
USD/INR	87.786
AUD/USD	0.6497
NZD/USD	0.573

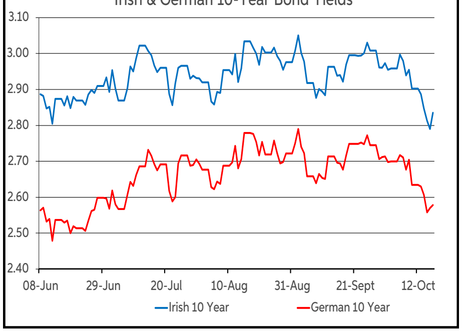

Dollar/Yen Exchange Rate


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	4.01	+3	-13	-57
Germany	2.58	+1	-17	+21
UK	4.53	+3	-18	-4
Ireland	2.84	+5	-16	+19
Belgium	3.13	+2	-16	+14
France	3.36	+3	-20	+16
Italy	3.38	+2	-19	-14
Spain	3.11	+2	-19	+4
Portugal	2.96	+2	-20	+11
Greece	3.25	+1	-17	-0
5 Year Swap %				
US	3.52	+5	-6	-77
Eurozone	2.25	+2	-13	+1
UK	3.92	+3	-14	-36
2 Year Swap %				
US	3.46	+3	-12	-87
Eurozone	2.06	+0	-8	-14
UK	3.88	+3	-12	-61
10 Year Government Bond Spreads to Benchmark bps				
Ireland	26	+4	+1	-3
Belgium	55	+1	+1	-7
France	78	+2	-3	-5
Italy	80	+1	-2	-36
Spain	53	+1	-2	-17
Portugal	38	+1	-3	-10
Greece	67	+0	+0	-22

Commodities

	Close	% Change Day	4 Weeks	End 24
Brent Oil	61.29	+0.38	-8.08	-17.89
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold $	4248.7	-1.77	+15.34	+61.93

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