Morning Comment

AIB Treasury Economic Research Unit

Friday 31 October 2025
07:43 am

ECB sees no reason to change

The Governing Council of the ECB decided to leave interest rates unchanged for a third successive meeting yesterday. The decision was in-line with market expectations, and it means the deposit rate remains at 2.00%. Furthermore, the ECB meeting statement was little changed from the September update. At the press conference, the overarching message from President Lagarde was that monetary policy remains "in a good place" in the Eurozone.

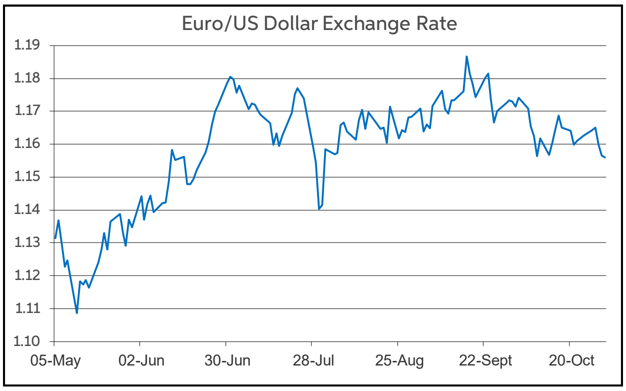
Unsurprisingly given the lack of new forward guidance provided by the ECB, the market reaction to the meeting outcome was muted. Futures contracts continue to suggest that the market sees around a 45% chance of a rate cut next year. Elsewhere, investors continued to digest the outcomes of the Fed and BoJ policy meetings which concluded less than 24 hours before Lagarde took to the podium.

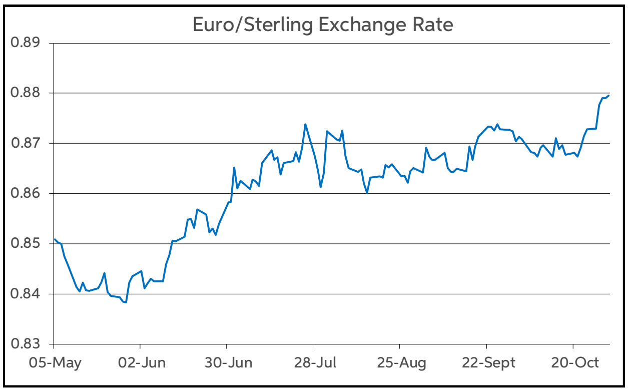
Amid the hawkish remarks from Fed Chair Powell post the FOMC decision, which coincided with a modest firming in US futures contracts, the dollar was in the ascendancy yesterday. At the same time, the yen was under renewed downward pressure as the BoJ's decision to keep policy on hold was followed by dovish remarks from Governor Ueda. Against this backdrop, USD/JPY cleared the ¥154 handle for the first time since February.

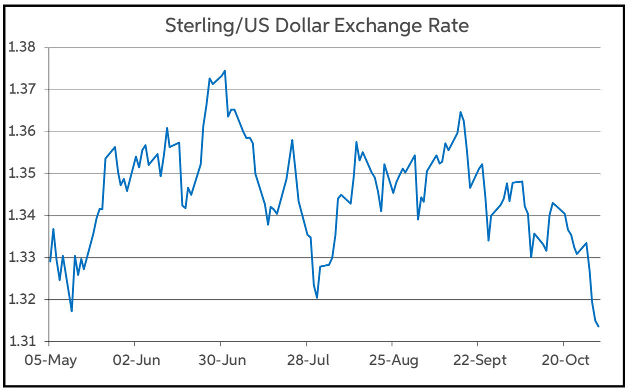
Meanwhile, the firmer tone to the dollar also sees EUR/USD open this morning down near the midpoint of $1.15-1.16. GBP/USD is changing hands back in the lower half of $1.31-1.32. EUR/GBP is just below the 88p handle. USD/JPY has retained is position above ¥154.

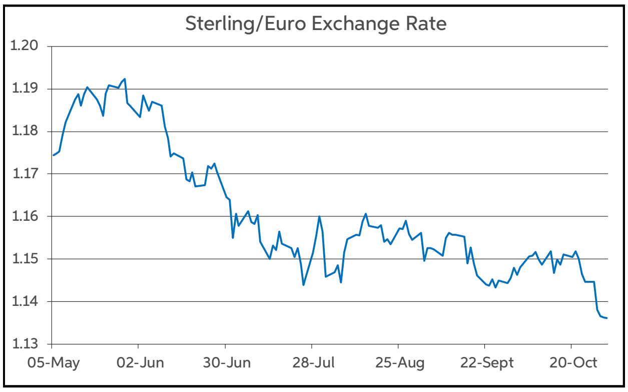
Today, the main release of note will be the flash reading of Eurozone HICP inflation for October. The consensus is for the headline and core rates to edge marginally lower to 2.1% and 2.3%, respectively. However, HICP releases from a number of the large national economies yesterday suggest the risks are tilted to the upside.

Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/USD	1.1559	-0.55	11.65
EUR/GBP	0.8796	-0.01	6.32
GBP/USD	1.3136	-0.55	5.00
GBP/EUR	1.1362	0.01	-5.95
USD/JPY	154.3	0.82	-1.83
EUR/JPY	178.4	0.29	9.62

* 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	3.88	3.98	3.89	3.62	3.67	3.68
EUR	2.00	1.89	2.07	2.12	2.16	2.37
GBP	4.00	3.91	3.87	3.64	3.79	3.87

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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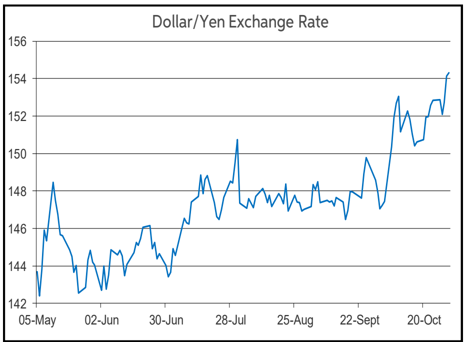
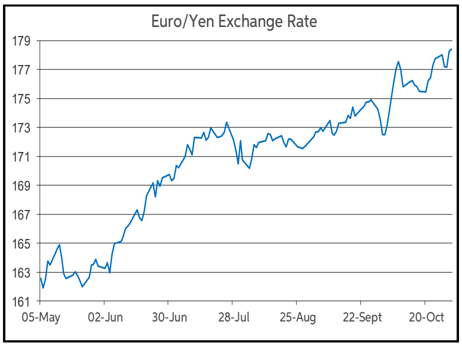
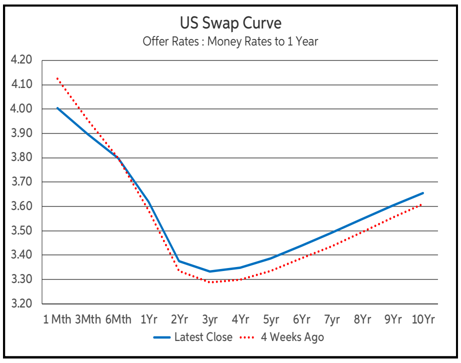
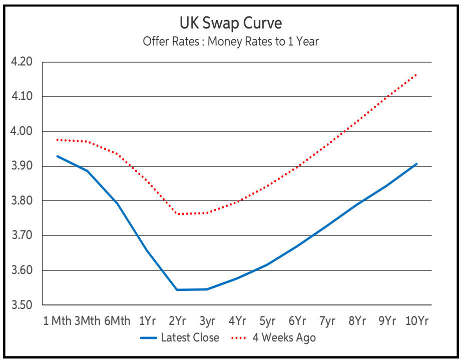
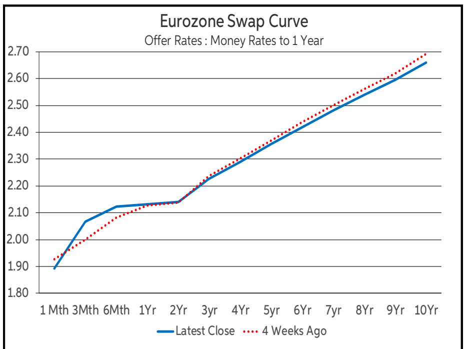
Euro		Sterling		Dollar	
EUR/GBP	0.8796	GBP/EUR	1.1362	USD/JPY	154.3
EUR/USD	1.1559	GBP/USD	1.3136	USD/CAD	1.4002
EUR/JPY	178.4	GBP/CAD	1.8395	USD/CHF	0.8029
EUR/SEK	10.9242	GBP/NZD	2.2957	USD/CNY	7.1142
EUR/DKK	7.4677	GBP/JPY	202.69	USD/BRL	5.384
EUR/NOK	11.6373	GBP/SEK	12.4166	USD/RUB	80.85
EUR/CHF	0.9282	GBP/DKK	8.4857	USD/INR	88.7363
EUR/AUD	1.7672	GBP/NOK	13.223		
EUR/HKD	8.9809	GBP/CHF	1.0549	AUD/USD	0.6538
EUR/CAD	1.6185	GBP/AUD	2.0085	NZD/USD	0.5719

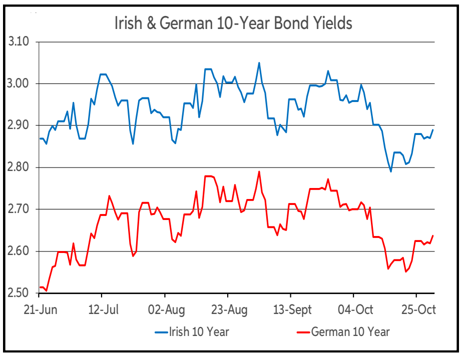












Debt Markets

	Close	Change bps Day	4 Weeks	End 24
10 Year Yield %				
US	4.09	+4	+0	-48
Germany	2.64	+2	-6	+27
UK	4.43	+4	-29	-15
Ireland	2.89	+2	-7	+24
Belgium	3.17	+1	-9	+19
France	3.42	+1	-11	+22
Italy	3.40	+2	-15	-12
Spain	3.15	+2	-9	+9
Portugal	3.00	+1	-10	+15
Greece	3.29	+1	-12	+4
5 Year Swap %				
US	3.65	+1	+7	-64
Eurozone	2.34	+2	-1	+10
UK	3.86	+2	-20	-42
2 Year Swap %				
US	3.64	+1	+7	-69
Eurozone	2.14	-0	+0	-6
UK	3.79	+2	-21	-70
10 Year Government Bond Spreads to Benchmark bps				
Ireland	25	+0	-1	-3
Belgium	53	-1	-3	-9
France	78	-0	-5	-5
Italy	76	-0	-9	-40
Spain	51	+0	-3	-19
Portugal	37	-0	-4	-12
Greece	65	-1	-6	-23

Commodities

	Close	% Change Day	4 Weeks	End 24
Brent Oil	65	+0.12	+1.39	-12.92
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold $	4023.2	+2.39	+4.34	+53.33

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