Morning Comment

AIB Treasury Economic Research Unit

Monday 01 September 2025
07:38 am

EUR/USD starts the week above $1.17

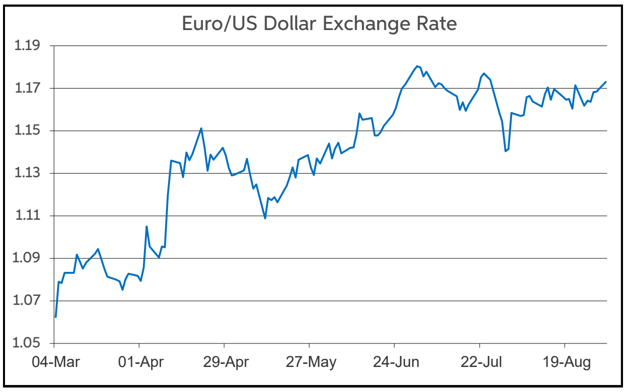
Throughout last week, investors were focused on the re-emergence of political turbulence in France and further tensions between the White House and the Fed in the US. Against this backdrop, there was a cautious and subdued mood on markets on both sides of the Atlantic. This was reflected by the Euro Stoxx 50 declining by 2.5 (led lower by French companies) and by the S&P 500 edging 0.1% lower on the week (amid a 0.6% decline on Friday).

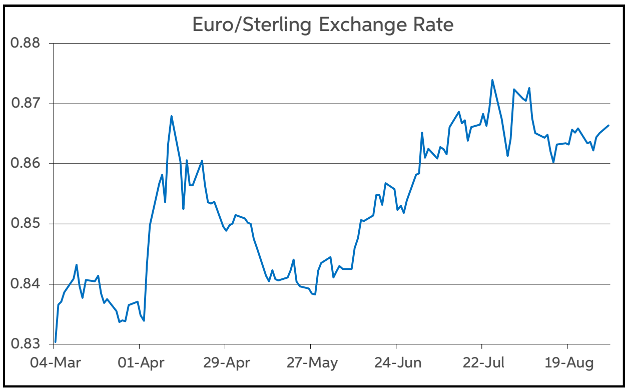
Data-wise, the main highlight of a relatively quiet macro calendar last week was the July reading of US core-PCE inflation. As expected, it rose to 2.9% from 2.8%. However, US interest rate expectations were little changed after the release. Indeed market pricing for a rate cut when the Fed FOMC next meets on September 16-17th was reinforced by some dovish remarks from Fed Governor Waller, who voted for a rate cut at the last meeting.

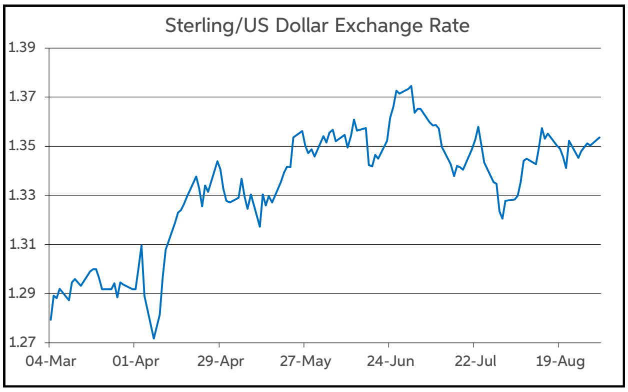
Amid the dovish outlook for US rates and the aforementioned tensions between the Fed and the White House, short-to-medium term Treasury yields fell by 4-10bps last, while long-dated US yields rose by circa 4bps. In the Eurozone, German Bund yields rose by 1-6bps. Meantime, the spread between the 10-year German and French yield widened by around 8bps to 78bps.

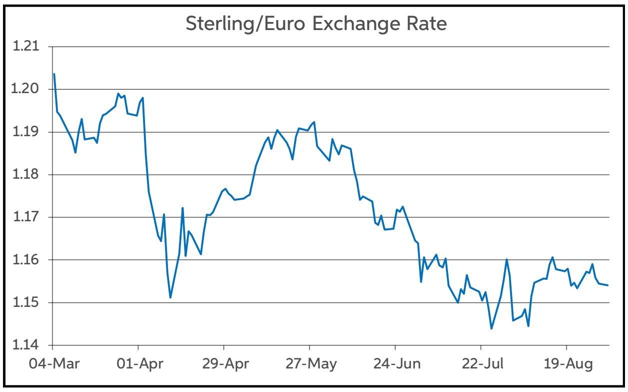
Currency-wise, the main FX pairs operated in relatively narrow ranges throughout last week. As trading gets underway this morning, EUR/USD is in the lower half of $1.17-1.18. EUR/GBP is changing hands above the midpoint of 86-87p. Elsewhere, GBP/USD is in the bottom half of $1.35-1.36.

Looking at the week ahead, the US labour market report for August will be the main highlight. In the Eurozone, flash HICP inflation (Aug) and the unemployment rate (Jul) are due. In the UK, Governor Bailey and other BoE officials speak at the Treasury Select Committee.
Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/USD	1.173	0.57	13.30
EUR/GBP	0.8664	0.32	4.73
GBP/USD	1.3536	0.26	8.19
GBP/EUR	1.1539	-0.32	-4.51
USD/JPY	146.78	-0.07	-6.62
EUR/JPY	172.21	0.50	5.81

* 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	4.38	4.26	4.15	3.74	3.69	3.63
EUR	2.00	1.86	2.06	2.06	2.09	2.35
GBP	4.00	3.96	3.96	3.85	4.00	4.07

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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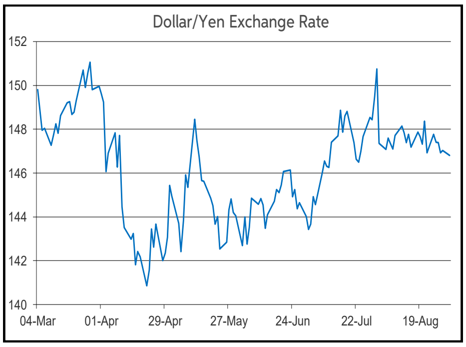
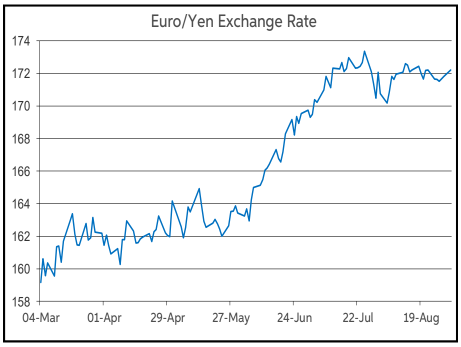
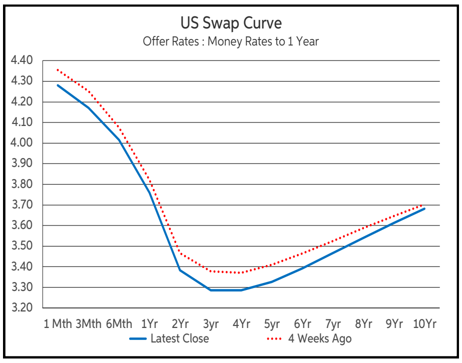
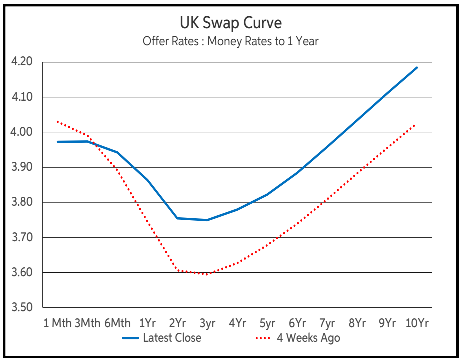
AIB

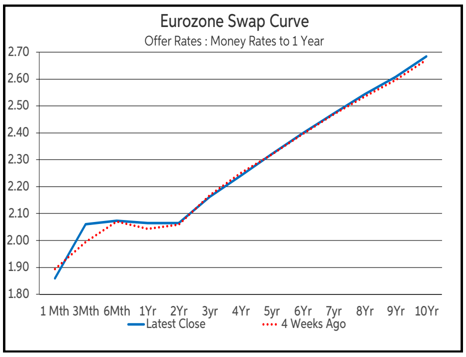
Euro		Sterling		Dollar	
EUR/GBP	0.8664	GBP/EUR	1.1539	USD/JPY	146.78
EUR/USD	1.173	GBP/USD	1.3536	USD/CAD	1.3741
EUR/JPY	172.21	GBP/CAD	1.8599	USD/CHF	0.7986
EUR/SEK	11.074	GBP/NZD	2.2932	USD/CNY	7.1298
EUR/DKK	7.4641	GBP/JPY	198.69	USD/BRL	5.4324
EUR/NOK	11.772	GBP/SEK	12.7805	USD/RUB	79.9955
EUR/CHF	0.9368	GBP/DKK	8.613	USD/INR	88.26
EUR/AUD	1.7918	GBP/NOK	13.5836		
EUR/HKD	9.1402	GBP/CHF	1.081	AUD/USD	0.6543
EUR/CAD	1.6116	GBP/AUD	2.0678	NZD/USD	0.5899

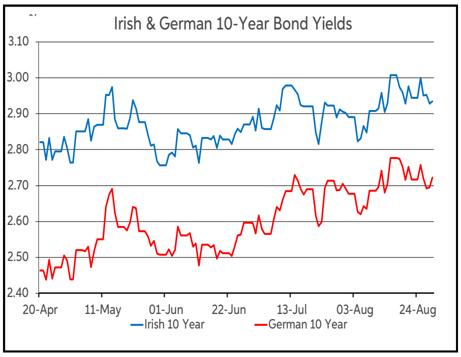












Debt Markets				
		Change bps		
	Close	Day	4 Weeks	End 24
10 Year Yield %				
US	4.23	+2	+1	-35
Germany	2.72	+2	+5	+36
UK	4.72	+2	+20	+15
Ireland	2.98	+2	+6	+33
Belgium	3.30	+4	+9	+32
France	3.51	+4	+16	+32
Italy	3.62	+5	+8	+9
Spain	3.33	+4	+7	+27
Portugal	3.19	+4	+7	+34
Greece	3.43	+3	+8	+18
5 Year Swap %				
US	3.59	+1	-7	-70
Eurozone	2.30	-1	-2	+6
UK	4.06	+1	+15	-22
2 Year Swap %				
US	3.65	-0	-7	-69
Eurozone	2.04	-2	-1	-15
UK	3.99	+2	+16	-50
10 Year Government Bond Spreads to Benchmark bps				
Ireland	25	-0	+1	-3
Belgium	58	+2	+4	-4
France	79	+1	+12	-4
Italy	89	+3	+3	-26
Spain	61	+1	+2	-9
Portugal	46	+1	+3	-2
Greece	71	+0	+3	-17

Commodities				
		% Change		
	Close	Day	4 Weeks	End 24
Brent Oil	68.12	-0.73	-2.22	-8.74
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold $	3446.7	+0.88	+2.51	+31.36

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