

## Risk appetite sours considerably

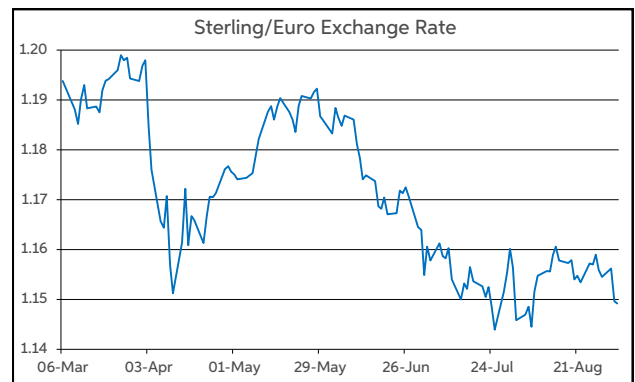
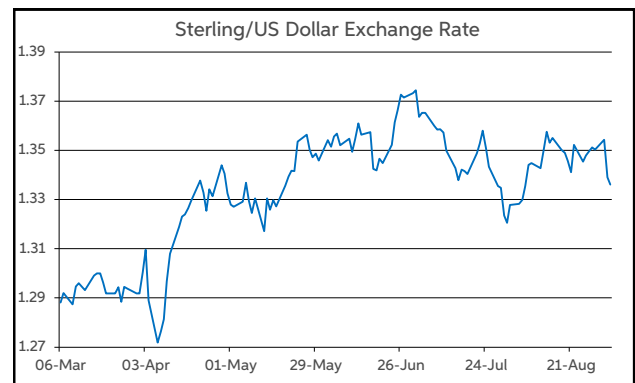
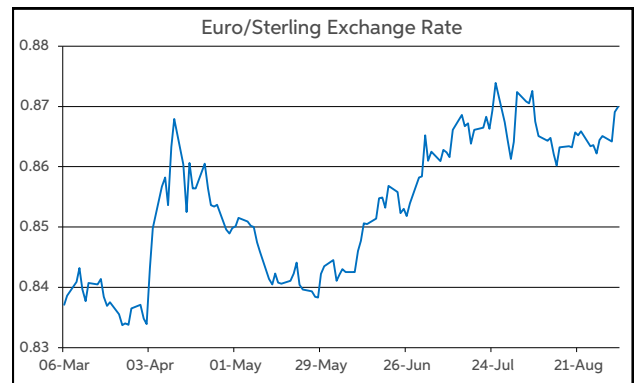
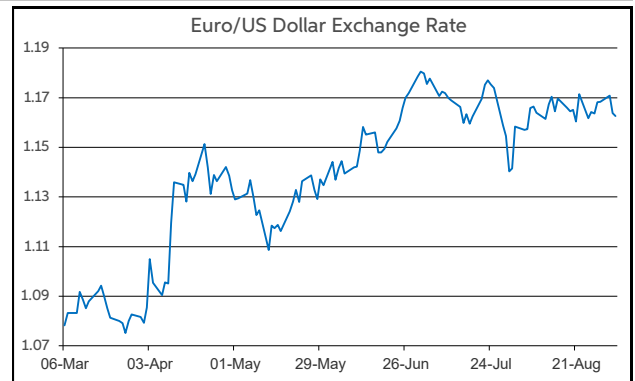
Risk appetite soured considerably yesterday, as renewed concerns regarding fiscal sustainability in some of the key advanced economies came back into focus. In this context, reports that the UK may have to raise taxes again to narrow the deficit and satisfy the Chancellor's fiscal rules, the current political turbulence in France regarding the Budget, and ongoing concerns in relation to the US fiscal deficit, provided an unhelpful backdrop for markets.

Bond yields moved higher across the board, led by the long-end of the curves. US Treasuries rose by 2-4bps, as the 30-year yield neared the psychologically significant 5% level. Meantime, UK gilt yields rose by 1-5bps, with the 30-year yield at one point reaching its highest level since 1998. However, the rise in UK yields may have been impacted by a record £14bn issuance of 10-year gilts. Meanwhile, German Bund yields rose by 2-4bps, amid a slight rise in Eurozone HICP inflation to 2.1% in August (vs. 2% f'cast) and some hawkish remarks from ECB board member Schnabel. The spread between 10-year French and German yields widened marginally to 80bps.

These fiscal concerns weighed on investor sentiment and spilled over into the main benchmark equity indices. The Euro Stoxx 50 and the S&P 500 fell by 1.4% and 0.7%, respectively. Currency-wise, the dollar was holding a firmer tone, owing to the risk averse environment. At the same time, sterling was on the defensive. This is reflected by GBP/USD starting today back near the midpoint of the \$1.33-1.34 corridor. EUR/USD is operating down in the lower half of the \$1.16-1.17 range. EUR/GBP is changing hands at the 87p mark.

Turning to the day ahead, the main release of note will be US JOLTS job openings figures for July. A modest fall to just below 7.4m openings is pencilled in for the month. In the UK, remarks from Governor Bailey and other BoE officials at the Treasury Select Committee will warrant attention.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1627	-0.55	12.31
EUR/GBP	0.8699	0.64	5.15
GBP/USD	1.3359	-1.23	6.78
GBP/EUR	1.1488	-0.63	-4.90
USD/JPY	148.64	0.64	-5.43
EUR/JPY	172.84	0.07	6.20

\* 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	4.38	4.24	4.14	3.76	3.70	3.66
EUR	2.00	1.88	2.07	2.08	2.11	2.37
GBP	4.00	3.96	3.95	3.85	4.02	4.12

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 03 September 2025  
06:44 am



## Euro

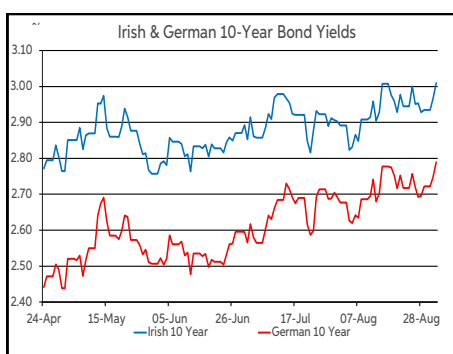
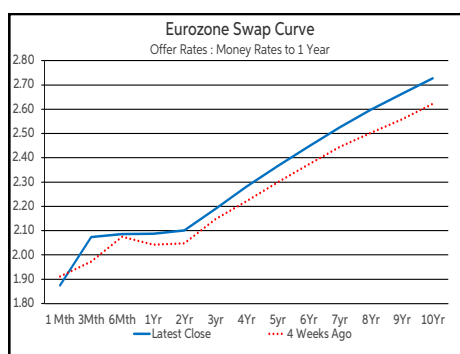
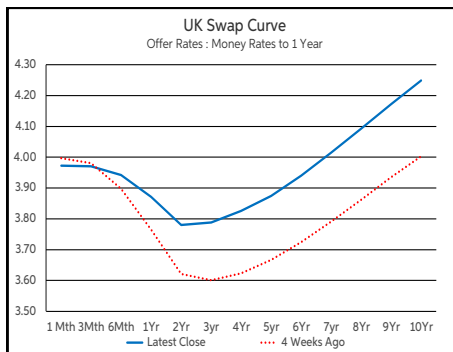
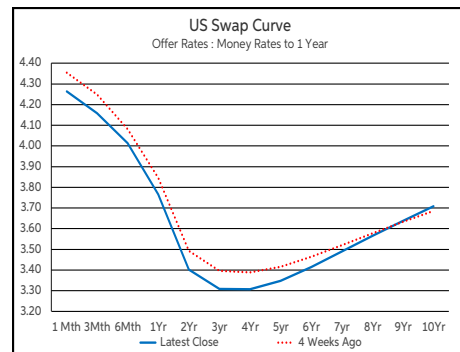
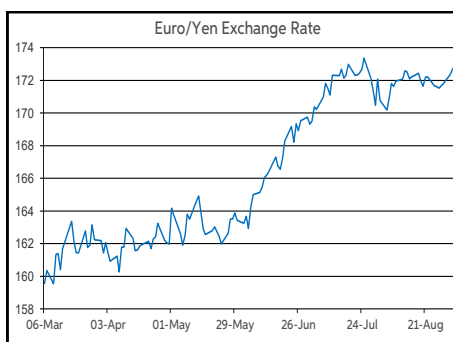
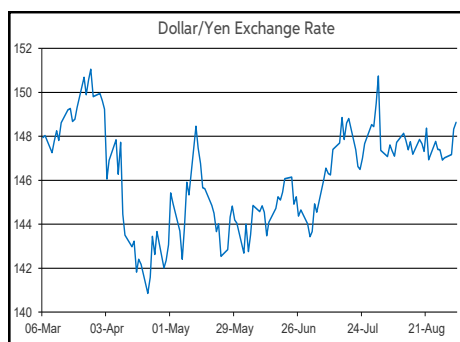
EUR/GBP	0.8699
EUR/USD	1.1627
EUR/JPY	172.83
EUR/SEK	11.0043
EUR/DKK	7.4624
EUR/NOK	11.6725
EUR/CHF	0.9364
EUR/AUD	1.7853
EUR/HKD	9.0764
EUR/CAD	1.6043

## Sterling

GBP/EUR	1.149
GBP/USD	1.3362
GBP/CAD	1.8432
GBP/NZD	2.2824
GBP/JPY	198.58
GBP/SEK	12.6465
GBP/DKK	8.576
GBP/NOK	13.4124
GBP/CHF	1.0761
GBP/AUD	2.0511

## Dollar

USD/JPY	148.63
USD/CAD	1.3798
USD/CHF	0.8053
USD/CNY	7.1467
USD/BRL	5.4686
USD/RUB	80.6
USD/INR	88.017
AUD/USD	0.6512
NZD/USD	0.5851



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 24
<b>10 Year Yield %</b>				
US	4.28	+5	+8	-30
Germany	2.79	+4	+17	+43
UK	4.80	+4	+28	+23
<b>5 Year Swap %</b>				
US	3.61	+2	-6	-68
Eurozone	2.36	+3	+7	+12
UK	4.11	+2	+20	-17
<b>2 Year Swap %</b>				
US	3.67	+2	-7	-66
Eurozone	2.10	+2	+5	-10
UK	4.01	+1	+16	-47
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	26	+0	+2	-3
Belgium	58	+0	+6	-4
France	80	+1	+13	-4
Italy	92	+3	+9	-24
Spain	61	+1	+3	-9
Portugal	45	-0	+3	-3
Greece	73	+3	+5	-15

Commodities				
	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	69.14	+1.45	+2.22	-7.37
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3532.9	+1.64	+4.50	+34.65

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