

ECB policy meeting in focus this week

There was a cautious mood on markets last week. Throughout the period, volatility in the bond market and further signs of weakening in the US labour market impacted sentiment. Against this backdrop, the Euro Stoxx 50 fell by 0.6%, while the S&P 500 edged 0.3% higher.

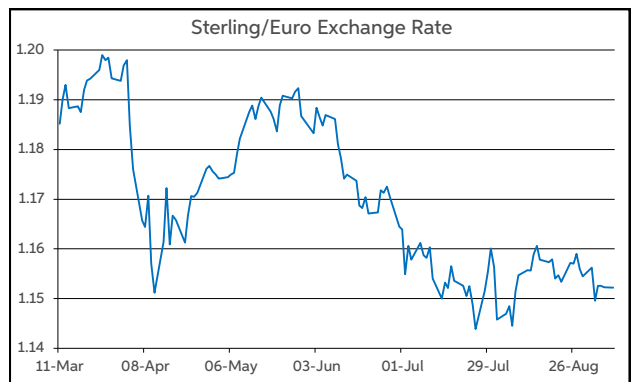
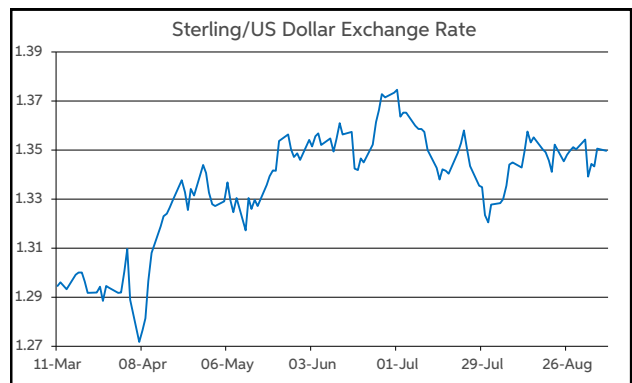
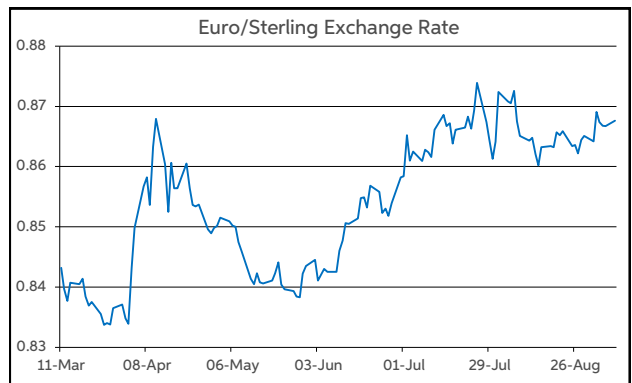
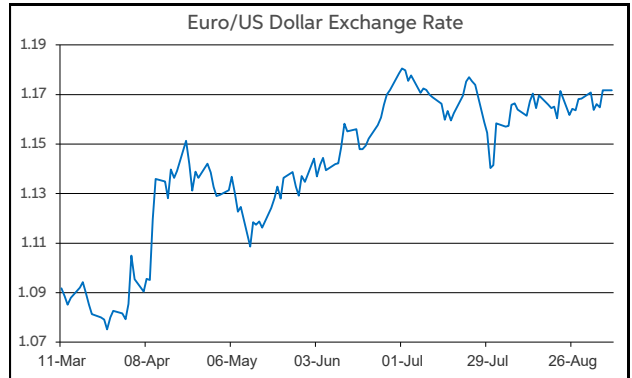
In the early part of last week, sovereign bond yields rose in some of the key advanced economies, led by the long-end of the curves. Indeed, 30-year yields neared the 5% level in the US and reached their highest level since 1998 in the UK. The move coincided with heavy issuance and ongoing political turbulence in France/Japan, as well as concerns regarding public finances. However, yields ended the week down by 2-8bps in the UK and Eurozone, and by 10-15bps in the US, largely owing to a weak US jobs market report for August.

Non-farm payrolls rose by just 22k in August (vs. 75k fcast). At the same time, the July payrolls were revised slightly higher to +79k but the June figure was revised down to -13k, meaning it was the first negative payroll change since December 2020. US market rate expectations softened following the release. Current pricing indicates a rate cut is fully expected later this month, with circa 70bps of easing anticipated by year end.

On the currency front, the dollar was on the defensive in the initial aftermath of the payrolls report. Earlier in the week, the greenback had been in the ascendancy but ultimately it starts this week broadly in-line with last Monday's opening levels. EUR/USD is in the lower half of \$1.17-1.18, having traded to a low near the \$1.16 mark. GBP/USD is at the \$1.35 handle. EUR/GBP is in the top half of 86-87p.

This week, the focus will be on the ECB policy meeting, albeit rates are widely expected to be left on hold. Data-wise, US CPI inflation (Aug) and the monthly reading of UK GDP (Jul) will feature. The no-confidence vote in France today will also warrant close attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1716	0.43	13.17
EUR/GBP	0.8674	0.02	4.85
GBP/USD	1.3497	0.36	7.88
GBP/EUR	1.1518	-0.02	-4.62
USD/JPY	148.04	-0.11	-5.81
EUR/JPY	173.48	0.32	6.59

* 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	4.18	4.05	3.60	3.55	3.50
EUR	2.00	1.88	2.05	2.06	2.07	2.30
GBP	4.00	3.95	3.95	3.81	3.96	4.01

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
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

Monday 08 September 2025
06:43 am



Euro

EUR/GBP	0.8674
EUR/USD	1.1716
EUR/JPY	173.48
EUR/SEK	10.9939
EUR/DKK	7.4661
EUR/NOK	11.744
EUR/CHF	0.9341
EUR/AUD	1.7846
EUR/HKD	9.1316
EUR/CAD	1.62

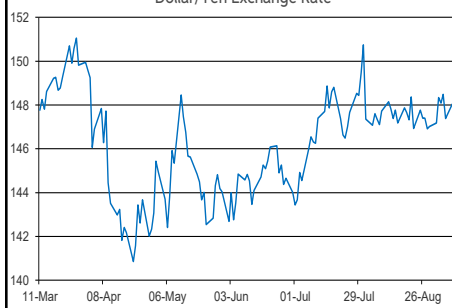
Sterling

GBP/EUR	1.1518
GBP/USD	1.3497
GBP/CAD	1.8665
GBP/NZD	2.2857
GBP/JPY	199.81
GBP/SEK	12.6679
GBP/DKK	8.6028
GBP/NOK	13.5314
GBP/CHF	1.0761
GBP/AUD	2.056

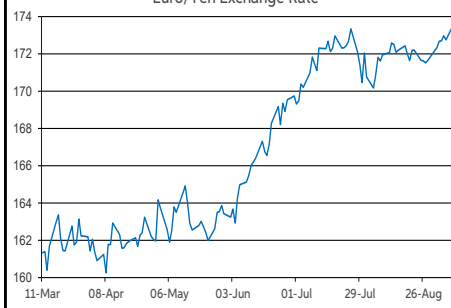
Dollar

USD/JPY	148.04
USD/CAD	1.3826
USD/CHF	0.7972
USD/CNY	7.134
USD/BRL	5.4124
USD/RUB	81.45
USD/INR	88.129
AUD/USD	0.6563
NZD/USD	0.5902

Dollar/Yen Exchange Rate

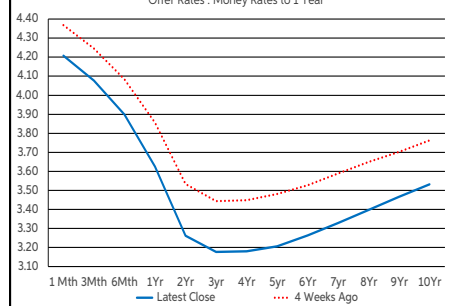


Euro/Yen Exchange Rate



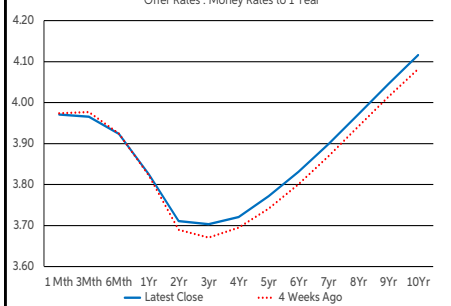
US Swap Curve

Offer Rates : Money Rates to 1 Year



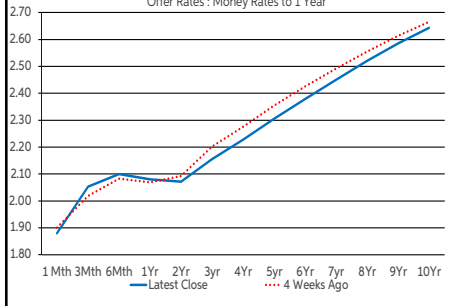
UK Swap Curve

Offer Rates : Money Rates to 1 Year

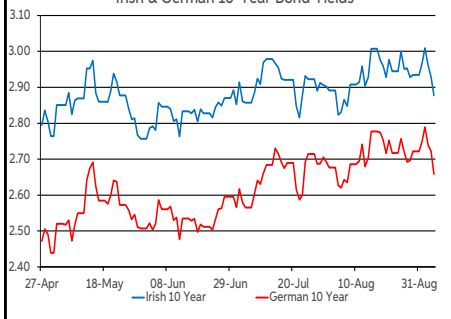


Eurozone Swap Curve

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	4.09	-9	-20	-49
Germany	2.66	-6	-3	+29
UK	4.65	-8	+4	+7
Ireland	2.92	-6	-4	+27
Belgium	3.23	-5	+3	+25
France	3.45	-5	+10	+25
Italy	3.53	-7	+2	+1
Spain	3.25	-6	-1	+19
Portugal	3.10	-5	+1	+25
Greece	3.36	-7	-0	+11
5 Year Swap %				
US	3.48	-6	-25	-81
Eurozone	2.28	-5	-6	+4
UK	4.02	-4	+4	-26
2 Year Swap %				
US	3.52	-9	-25	-81
Eurozone	2.05	-3	-4	-14
UK	3.94	-4	+3	-54
10 Year Government Bond Spreads to Benchmark bps				
Ireland	26	+0	-1	-3
Belgium	57	+1	+6	-5
France	79	+2	+13	-4
Italy	87	-1	+5	-28
Spain	59	+1	+2	-11
Portugal	44	+1	+4	-5
Greece	70	-1	+3	-18

Commodities

	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	65.5	-2.22	-1.64	-12.25
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3586.4	+1.16	+5.53	+36.69

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.