Morning Comment

AIB Treasury Economic Research Unit

Friday 12 September 2025
07:45 am

ECB stays on hold as expected

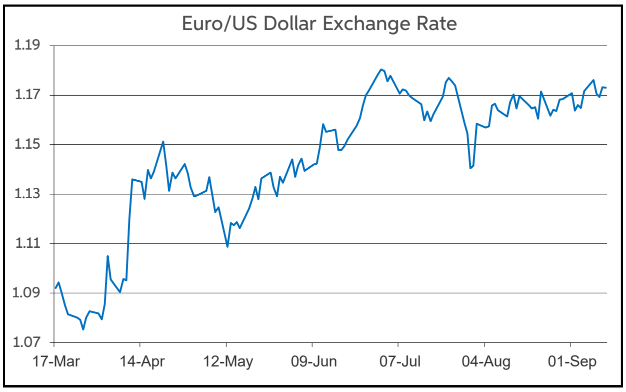
As expected, the ECB voted to leave interest rates unchanged for a second consecutive meeting yesterday. The rationale for the decision in the meeting statement noted that inflation “is currently around the 2%” target. Meanwhile, the ECB’s updated macro projections were broadly similar to the June edition, and contained moderate growth expectations and a benign inflation outlook. However, there was no firm guidance offered by the ECB today in any of its communications. Remarks by President Lagarde during the press conference though, suggests that there remains a “high bar” for further policy easing.

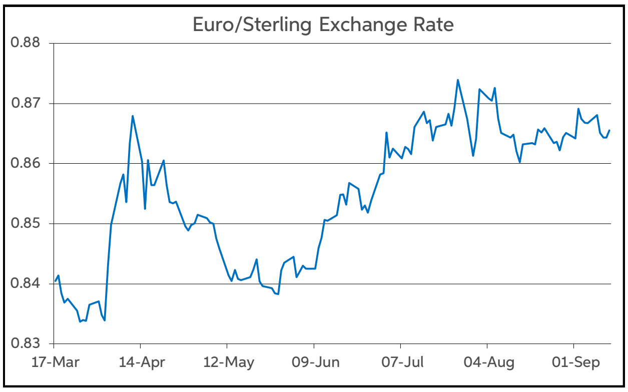
On the data front, US CPI inflation printed in-line with the consensus yesterday. The headline rate remained at an elevated 3.1%, while the core rate rose to 2.9% in August, from 2.7%. Elsewhere in the US, initial weekly jobless claims spiked to 263k up from 237k, albeit this was largely due to some irregularities in Texas.

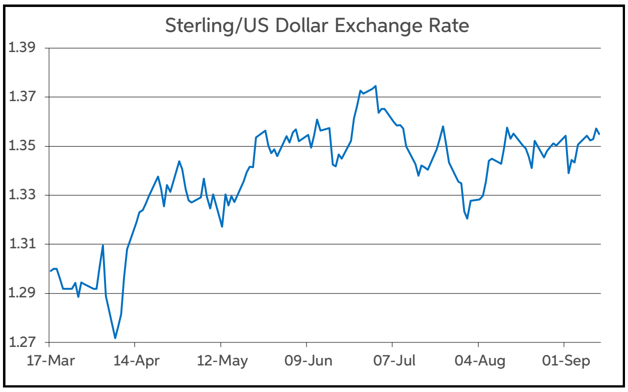
Given the ECB decision and the data were broadly as anticipated, rather unsurprisingly the market reaction was muted. Eurozone rate expectations firmed by a few basis points, and markets are now of the view that there is a 50% chance the ECB cuts rates once more (compared to 60% previously). On equity markets, the Euro Stoxx 50 and the S&P 500 moved 0.5% and 0.8% higher, respectively.

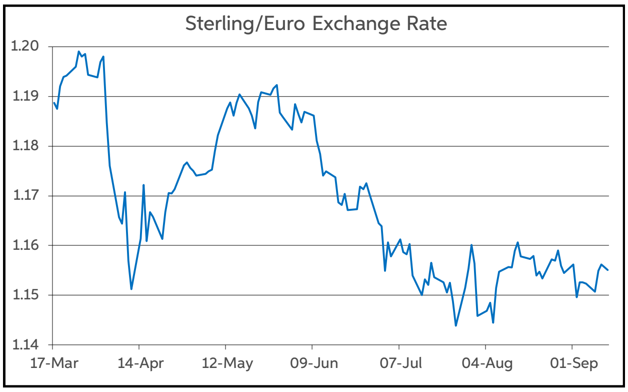
Currency-wise, the dollar was on the defensive yesterday. The greenback handed back some of its recent gains amid the positive tone to risk appetite. This sees EUR/USD open today back above the $1.17 threshold. GBP/USD is at the midpoint of $1.35-1.36. EUR/GBP remains near the halfway mark of 86-87p.

Already this morning the monthly reading of UK GDP for July has matched the consensus, stagnating in the month. The release has coincided with a slightly softer tine to sterling in early trading. Later today, the US Michigan measure of consumer sentiment (Sep) is due.
Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/USD	1.173	0.26	13.30
EUR/GBP	0.8655	0.09	4.62
GBP/USD	1.3548	0.18	8.29
GBP/EUR	1.1549	-0.09	-4.41
USD/JPY	147.46	0.02	-6.18
EUR/JPY	173.01	0.30	6.30

* 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	4.15	4.02	3.59	3.56	3.50
EUR	2.00	1.89	2.03	2.12	2.14	2.35
GBP	4.00	3.96	3.95	3.83	3.97	4.00

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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All Data Sourced from Refinitiv

Opening Levels

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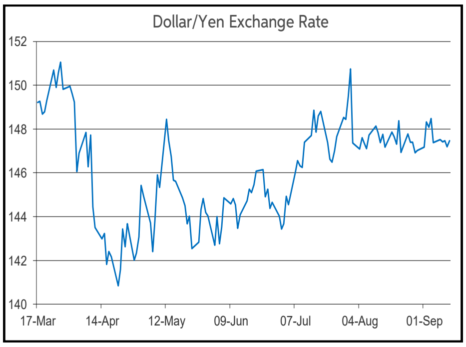
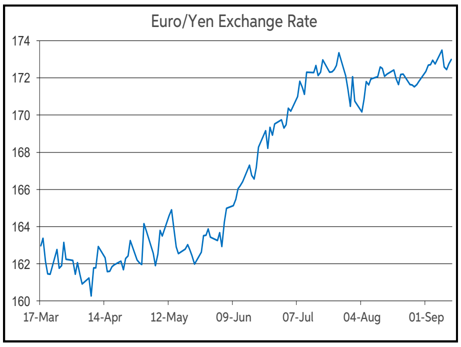
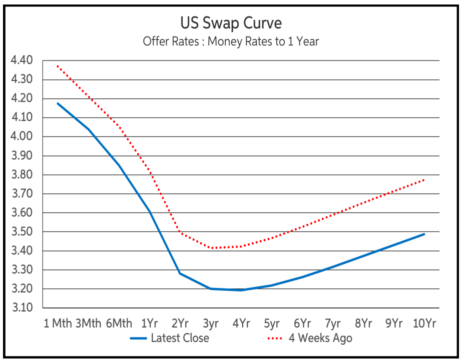
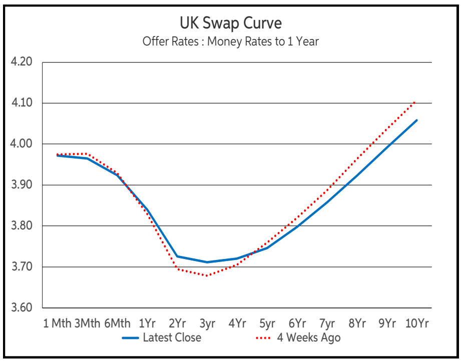
AIB

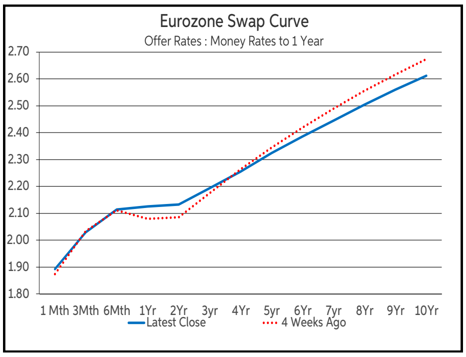
Euro		Sterling		Dollar	
EUR/GBP	0.8655	GBP/EUR	1.1547	USD/JPY	147.47
EUR/USD	1.173	GBP/USD	1.3546	USD/CAD	1.384
EUR/JPY	173.01	GBP/CAD	1.8748	USD/CHF	0.7965
EUR/SEK	10.9336	GBP/NZD	2.2709	USD/CNY	7.1206
EUR/DKK	7.4643	GBP/JPY	199.76	USD/BRL	5.3895
EUR/NOK	11.581	GBP/SEK	12.6263	USD/RUB	85
EUR/CHF	0.9342	GBP/DKK	8.6196	USD/INR	88.28
EUR/AUD	1.7624	GBP/NOK	13.3674		
EUR/HKD	9.1302	GBP/CHF	1.0789	AUD/USD	0.6654
EUR/CAD	1.6233	GBP/AUD	2.0354	NZD/USD	0.5962

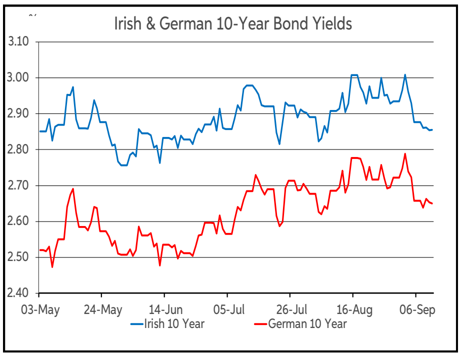












Debt Markets

	Close	Change bps Day	4 Weeks	End 24
10 Year Yield %				
US	4.01	-2	-28	-57
Germany	2.65	-0	-6	+29
UK	4.61	-2	-3	+4
Ireland	2.88	-1	-7	+23
Belgium	3.21	+1	-2	+22
France	3.44	-2	+7	+25
Italy	3.48	-1	-4	-4
Spain	3.23	-0	-3	+17
Portugal	3.08	+0	-2	+23
Greece	3.35	+1	-1	+10
5 Year Swap %				
US	3.49	-0	-22	-80
Eurozone	2.31	+2	-3	+7
UK	3.99	-2	-1	-30
2 Year Swap %				
US	3.56	-0	-18	-78
Eurozone	2.13	+3	+5	-6
UK	3.95	-2	+3	-54
10 Year Government Bond Spreads to Benchmark bps				
Ireland	23	-1	-2	-5
Belgium	56	+1	+4	-6
France	79	-1	+13	-4
Italy	83	-1	+2	-33
Spain	58	+0	+2	-12
Portugal	43	+0	+4	-6
Greece	70	+1	+5	-19

Commodities

	Close	% Change Day	4 Weeks	End 24
Brent Oil	66.37	-1.66	-0.70	-11.08
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold $	3633.7	-0.18	+8.93	+38.49

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