

Flash PMIs due this week

Monetary policy was very much in focus last week, amid a raft of key central bank meetings. Most notably, the US Fed restarted its easing cycle, by cutting the Fed funds target range by 25bps to 4.00-4.25%. Meanwhile, both the BoE and BoJ left interest rates unchanged. All three outcomes were very much in-line with market expectations.

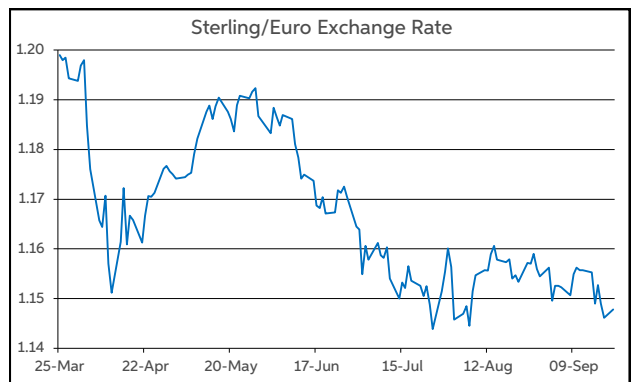
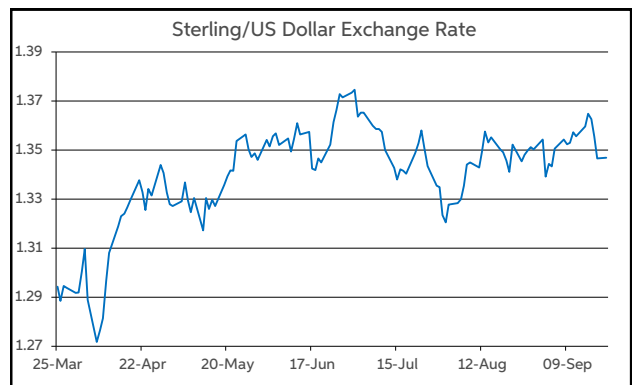
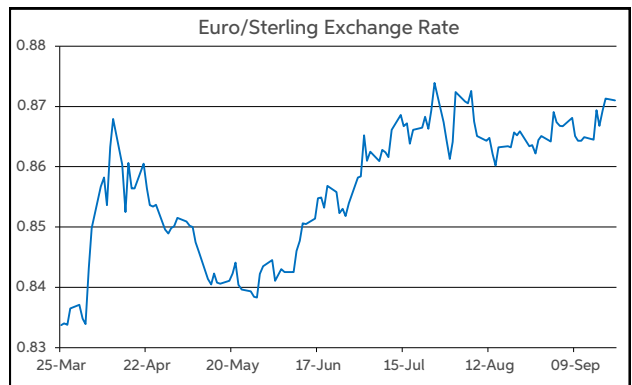
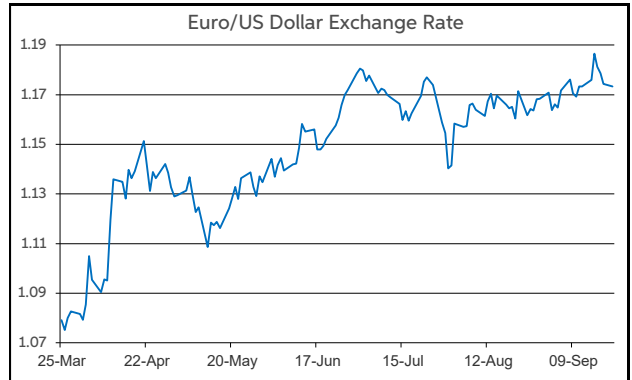
Although the Fed decision was as anticipated, the vote was not unanimous, as one member of the FOMC favoured cutting rates by 50bps. Meanwhile, the updated interest rate dotplot skewed slightly dovish, with two more rate cuts pencilled in for this year and one cut in 2026. Despite this though, Chair Powell indicated that the Fed will take a gradual approach to cutting rates. Market pricing was little changed in the aftermath of the meeting. Futures suggest the market expects two rate cuts in Q4, and circa three cuts in 2026.

Similarly in the UK, the decision was not unanimous. Two members of the MPC preferred to cut rates by 25bps. The BoE also decided, by 7-2, to slow the pace of quantitative tightening to £70bn per annum from £100bn. Meantime, the meeting minutes indicate that the BoE is somewhat more reluctant to cut rates in the near-term. UK rate expectations firmed slightly last week, and pricing suggests the market sees just a 30% of a rate cut by year end.

Despite the modest firming in UK rates, sterling was on the defensive. Overall, the pound fell by 0.7%. Elsewhere, it was a volatile week for the dollar, which was under pressure in the run-up to the Fed decision, but strengthened afterwards. In level terms, EUR/USD opens today in the lower half of \$1.17-1.18, having recorded a new YTD high of \$1.1919 last week. Meantime, EUR/GBP is north of 87p.

This week, a busy data calendar includes the flash PMIs (Sept) for the main advanced economies. In the US, core-PCE inflation (Aug) and remarks from a raft of Fed officials will be in focus.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1732	-0.35	13.32
EUR/GBP	0.8708	0.20	5.26
GBP/USD	1.3466	-0.56	7.63
GBP/EUR	1.1476	-0.20	-5.00
USD/JPY	148.26	0.50	-5.68
EUR/JPY	173.97	0.16	6.89

* 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	4.13	4.15	3.99	3.60	3.61	3.61
EUR	2.00	1.91	2.02	2.12	2.16	2.40
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
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Opening Levels

Monday 22 September 2025
06:40 am



Euro

EUR/GBP	0.8708
EUR/USD	1.1732
EUR/JPY	173.96
EUR/SEK	11.0557
EUR/DKK	7.4633
EUR/NOK	11.6678
EUR/CHF	0.9346
EUR/AUD	1.7792
EUR/HKD	9.1137
EUR/CAD	1.6185

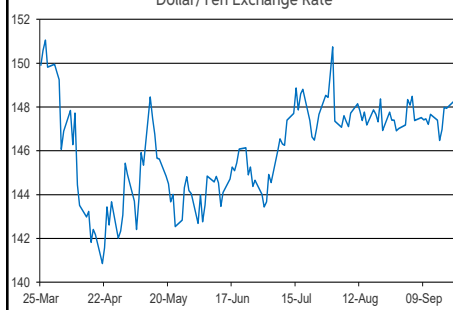
Sterling

GBP/EUR	1.1478
GBP/USD	1.3468
GBP/CAD	1.8577
GBP/NZD	2.2985
GBP/JPY	199.66
GBP/SEK	12.6905
GBP/DKK	8.565
GBP/NOK	13.3948
GBP/CHF	1.0732
GBP/AUD	2.0418

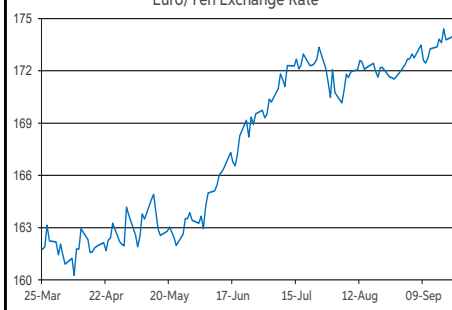
Dollar

USD/JPY	148.25
USD/CAD	1.3795
USD/CHF	0.7966
USD/CNY	7.1133
USD/BRL	5.328
USD/RUB	83.6
USD/INR	88.122
AUD/USD	0.6594
NZD/USD	0.5856

Dollar/Yen Exchange Rate

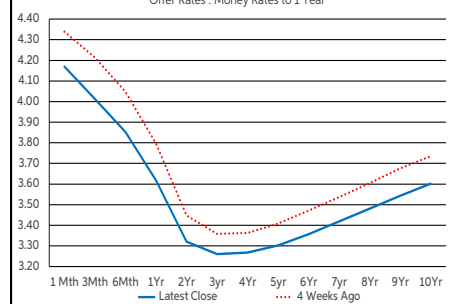


Euro/Yen Exchange Rate



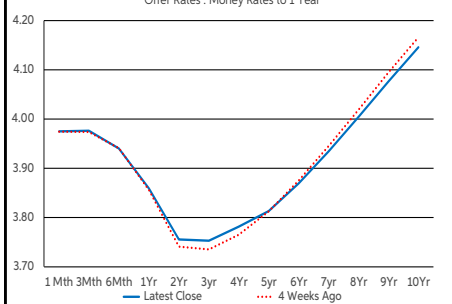
US Swap Curve

Offer Rates : Money Rates to 1 Year



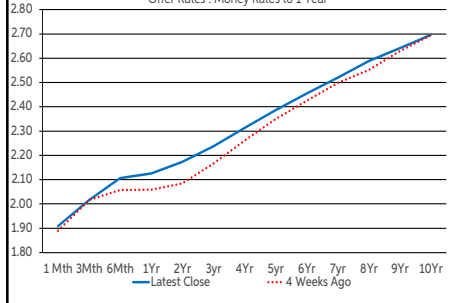
UK Swap Curve

Offer Rates : Money Rates to 1 Year

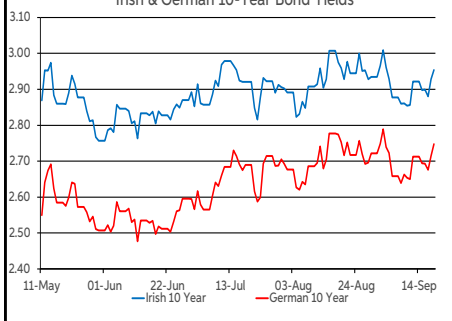


Eurozone Swap Curve

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	4.14	+4	-12	-44
Germany	2.75	+3	+3	+38
UK	4.71	+3	+2	+14
Ireland	3.00	+3	-1	+35
Belgium	3.28	+2	+3	+30
France	3.56	+2	+14	+36
Italy	3.57	+2	+2	+5
Spain	3.30	+1	+0	+23
Portugal	3.17	+4	+3	+32
Greece	3.41	+1	-2	+17
5 Year Swap %				
US	3.57	+2	-11	-72
Eurozone	2.37	-0	+5	+13
UK	4.07	+3	+1	-22
2 Year Swap %				
US	3.59	+2	-10	-74
Eurozone	2.13	+1	+5	-6
UK	4.00	+2	+2	-49
10 Year Government Bond Spreads to Benchmark bps				
Ireland	25	-1	-4	-4
Belgium	54	-2	-0	-8
France	81	-2	+11	-2
Italy	82	-2	-1	-34
Spain	55	-2	-3	-15
Portugal	42	+0	+0	-7
Greece	67	-2	-5	-22

Commodities

	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	66.68	-1.13	-1.55	-10.66
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3683.7	+1.09	+9.26	+40.40

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