Morning Comment

AIB Treasury Economic Research Unit

Friday 21 August 2026
07:15 am

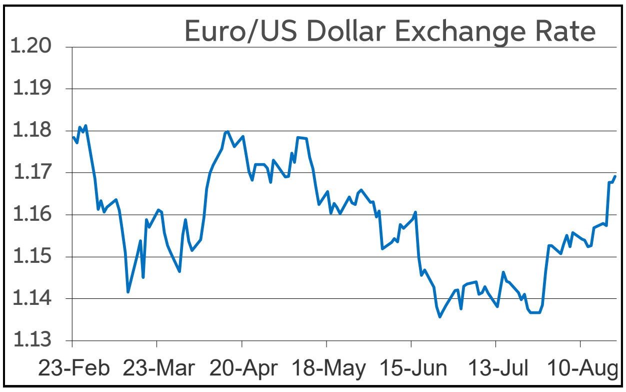
Sentiment remains on a risk averse footing

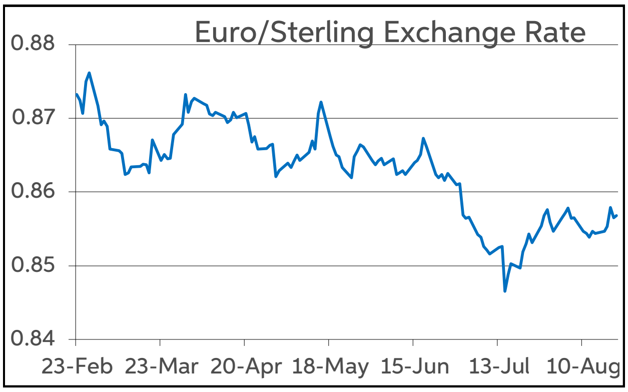
Investor sentiment was risk averse for much of yesterday. A quiet macro diary on both sides of the Atlantic, meant investors had plenty of time to ponder the risks to inflation and economic growth from a prolonged conflict in the Middle East. On commodity markets, oil prices came under further upward pressure. Brent crude traded up to a high just below $95 per barrel. Meanwhile, the 'risk-off' mood was evident from the performance of the main equity indices. In Europe, the Euro Stoxx posted a 0.3% loss. Meanwhile, at the close on Wall Street last night, the S&P 500 was 0.9% lower on the day.

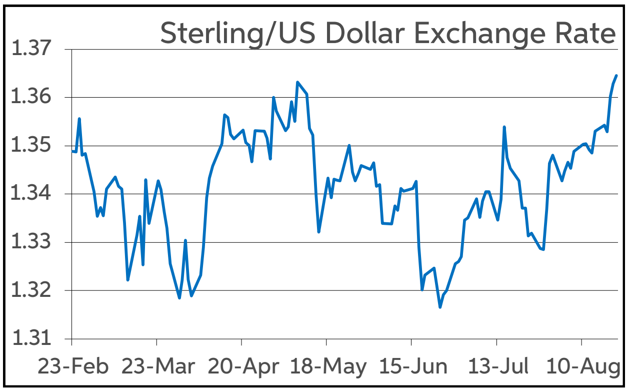
There was plenty of focus yesterday on US sovereign yields. This was due to the previous day's announcement from the US Treasury of a significant expansion (at least a doubling) to its liquidity support buyback operations for longer-dated US government debt. After falling on Wednesday's announcement, yields at the longer end of the curve resumed an upward trajectory yesterday. However, they remained below their highs from earlier in the week.

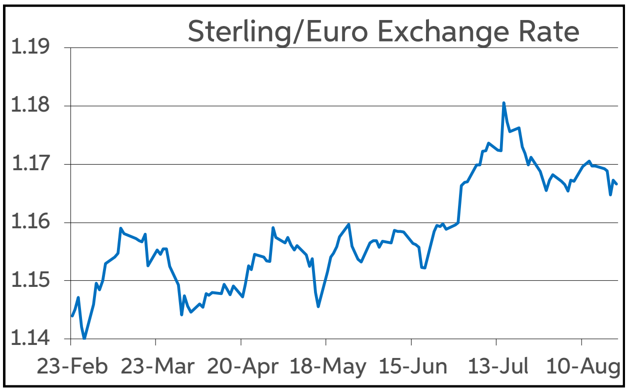
On the currency front, the weaker dollar tone from Wednesday's session carried over into yesterday. This was reflected in EUR/USD briefly testing above $1.17 and GBP/USD reaching a peak of $1.3659. As the day progressed, the dollar moved slightly off its lows. EUR/USD opens this morning at $1.169, with GBP/USD changing hands at $1.364. Meanwhile, EUR/GBP continues to trade in a tight range just above the midpoint of 85-86p.

Today's macro diary has already seen UK retail sales for July print in line with forecasts (-0.5% m/m). The main macro highlight, though, will be the flash PMI readings for August from the US, Eurozone and UK. At the same time, market sentiment will remain reactive to developments, if any, relating to the Middle East conflict.
John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1692	0.17	-0.45
EUR/GBP	0.8568	-0.10	-1.69
GBP/USD	1.3645	0.29	1.28
GBP/EUR	1.1668	0.11	1.72
USD/JPY	158.89	0.21	1.43
EUR/JPY	185.8	0.38	0.98

* 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	3.63	3.67	3.74	3.97	4.32	4.39
EUR	2.25	2.20	2.49	2.94	3.05	3.12
GBP	3.75	3.72	3.78	4.13	4.49	4.62

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

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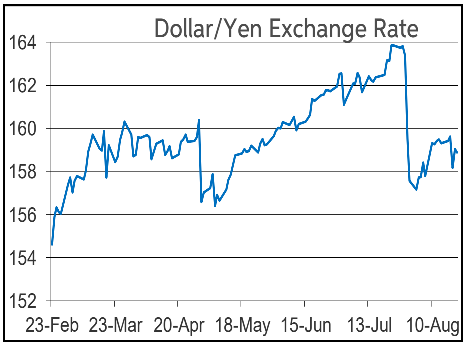
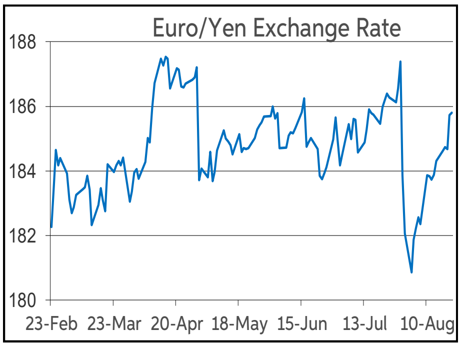
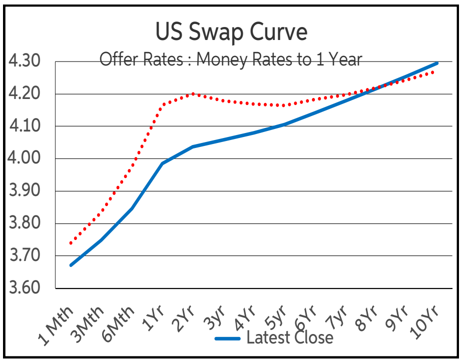
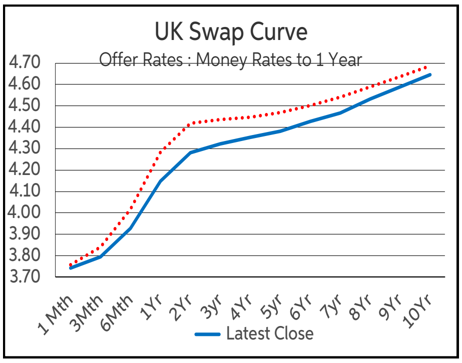
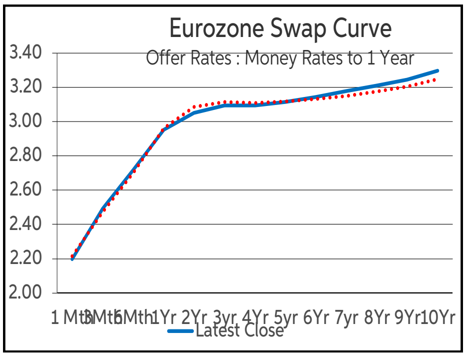
Euro		Sterling		Dollar	
EUR/GBP	0.8568	GBP/EUR	1.1668	USD/JPY	158.89
EUR/USD	1.1692	GBP/USD	1.3645	USD/CAD	1.3761
EUR/JPY	185.8	GBP/CAD	1.8774	USD/CHF	0.7994
EUR/SEK	11.0669	GBP/NZD	2.2842	USD/CNY	6.7212
EUR/DKK	7.4756	GBP/JPY	216.81	USD/BRL	5.1932
EUR/NOK	10.8984	GBP/SEK	12.9104	USD/RUB	83.4
EUR/CHF	0.9347	GBP/DKK	8.7211	USD/INR	95.74
EUR/AUD	1.6362	GBP/NOK	12.718		
EUR/HKD	9.1699	GBP/CHF	1.0907	AUD/USD	0.7144
EUR/CAD	1.6089	GBP/AUD	1.9093	NZD/USD	0.5969

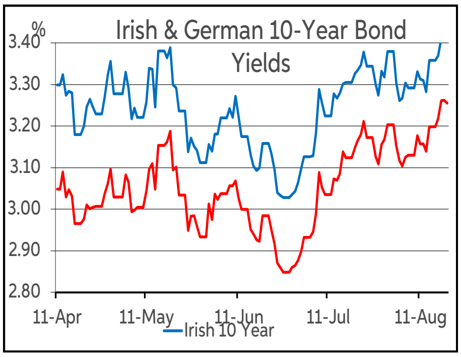












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	4.70	+5	-0	+55
Germany	3.26	-1	+4	+39
UK	5.07	+2	-3	+60
Ireland	3.41	-0	+3	+38
Belgium	3.83	+1	+5	+48
France	4.12	+2	+10	+56
Italy	4.09	+2	+1	+57
Spain	3.71	+1	+2	+42
Portugal	3.62	+1	+2	+46
Greece	3.93	-0	-1	+45
5 Year Swap %				
US	4.38	+4	-5	+65
Eurozone	3.11	-2	-0	+55
UK	4.62	+1	-6	+72
2 Year Swap %				
US	4.30	+2	-14	+72
Eurozone	3.05	-1	-4	+79
UK	4.50	-0	-13	+77
10 Year Government Bond Spreads to Benchmark bps				
Ireland	16	+0	-1	-1
Belgium	57	+1	+1	+9
France	87	+2	+6	+17
Italy	83	+2	-4	+18
Spain	45	+2	-2	+2
Portugal	36	+2	-3	+7
Greece	67	+1	-5	+5

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	93.78	+2.36	-6.86	+54.12
West Texas Oil	89.75	+2.83	-3.58	+56.74
Gold $	4517.9	-0.07	+11.63	+4.72

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