Morning Comment

AIB Treasury Economic Research Unit

Thursday 17 September 2026
07:19 am

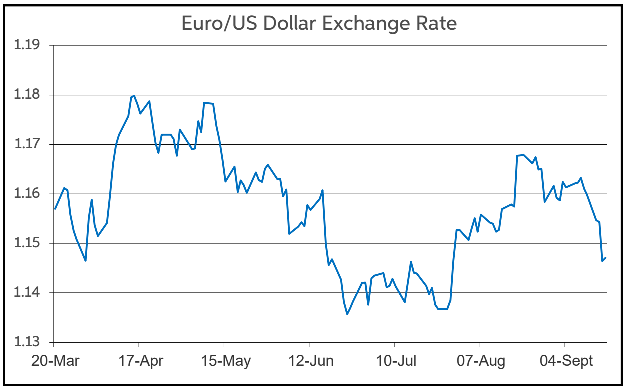
Hawkish Fed, EUR/USD below $1.15

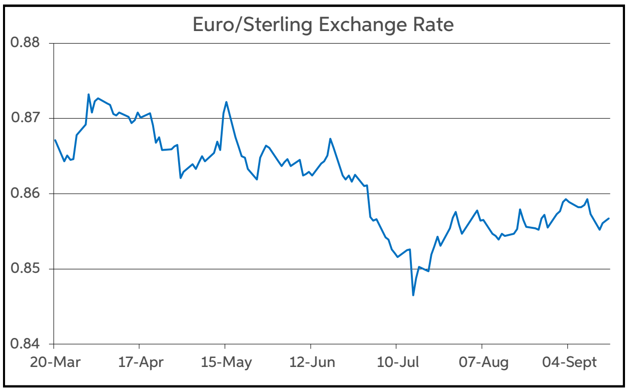
There was a wait-and-see tone to market sentiment for much of yesterday, as investors remained on the sidelines ahead of the US Fed's policy announcement and press conference, both scheduled for after the European close. The Fed, as expected, delivered a 25bps hike, with the fed funds rate rising to a 3.75-4.00% range. The updated dot plot, which Fed Chair Warsh once again refrained from participating in, showed that 16 of the 18 FOMC members expected to hike again this year (12 projecting 25bps, while 4 anticipating 50bps). Meanwhile, the tone of Chair Warsh's press conference leaned in a hawkish direction. He emphasised that the focus of the Fed is on achieving price stability.

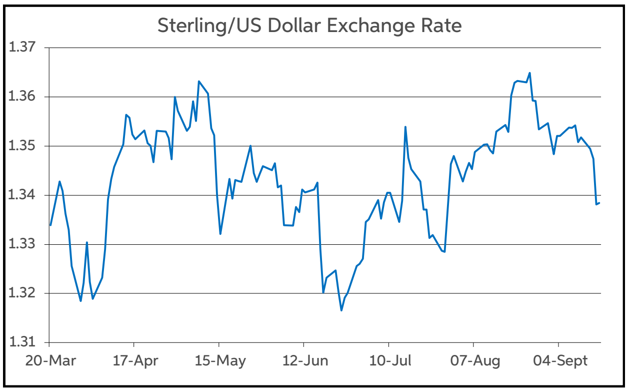
The market reaction reflected the hawkish tone. The policy sensitive 2-year swap rate rose by around 5bps to above 4.8%, while futures contracts increased the probability of another 25bps rate hike by year end. The hawkish Fed tone and higher US rates/ yields provided a supportive backdrop for the dollar. EUR/USD fell below the $1.15 threshold, while GBP/USD was unable to hold above $1.34. Elsewhere on the currency front, EUR/GBP continued to trade near to the midpoint of 85-86p.

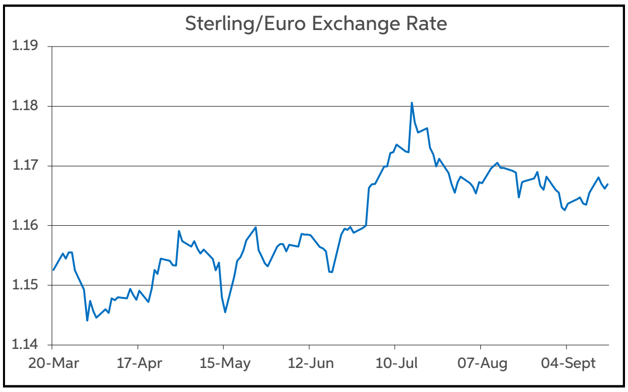
Ahead today, investors will continue to digest last night's Fed outcome. However, the Bank of England will also come into focus, with their policy decision due. This presents a potential source of volatility for sterling. The BoE is expected to keep rates unchanged, at 3.75%. Therefore, if the BoE stays on hold, attention will be on the statement and minutes for insight as to whether the BoE is contemplating any near term rate hikes. The market is currently pricing in around 100bps of rate hikes over the next year. This seems excessive given subdued UK GDP growth as well as the lack of any major signs of a build-up in underlying inflationary pressures. Meantime, the BoJ is expected to hike rates by 25bps tonight.

John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1471	-0.63	-2.33
EUR/GBP	0.8567	0.08	-1.70
GBP/USD	1.3384	-0.73	-0.66
GBP/EUR	1.1667	-0.08	1.73
USD/JPY	155.62	0.22	-0.66
EUR/JPY	178.53	-0.41	-2.97

* 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	3.89	4.01	4.47	4.86	4.83
EUR	2.50	2.46	2.68	3.29	3.48	3.51
GBP	3.75	3.74	3.85	4.44	4.83	4.91

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

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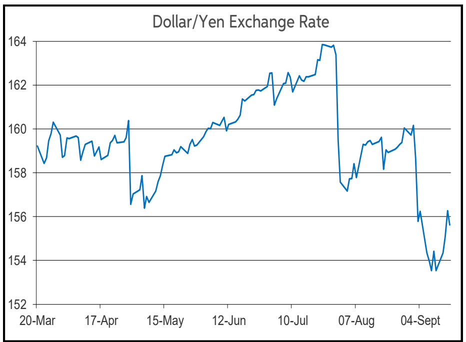
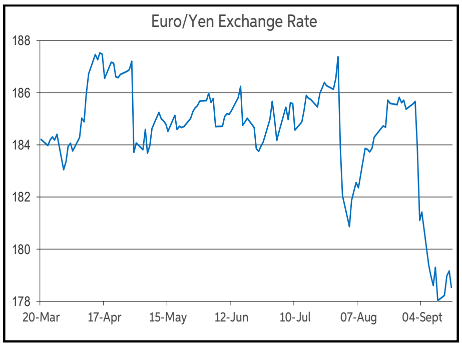
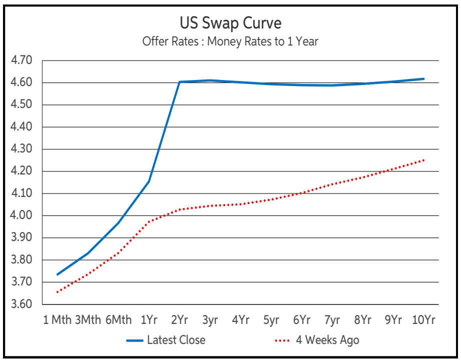
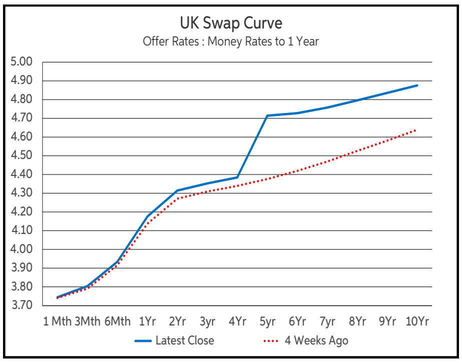
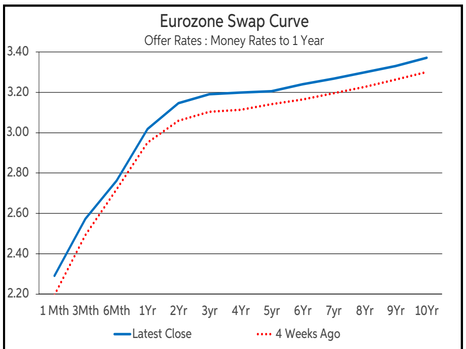
Euro		Sterling		Dollar	
EUR/GBP	0.8567	GBP/EUR	1.1667	USD/JPY	155.62
EUR/USD	1.1471	GBP/USD	1.3384	USD/CAD	1.3992
EUR/JPY	178.53	GBP/CAD	1.8725	USD/CHF	0.8241
EUR/SEK	11.2792	GBP/NZD	2.3341	USD/CNY	6.7067
EUR/DKK	7.4751	GBP/JPY	208.24	USD/BRL	5.1523
EUR/NOK	10.808	GBP/SEK	13.1602	USD/RUB	84.485
EUR/CHF	0.9456	GBP/DKK	8.7207	USD/INR	95.895
EUR/AUD	1.6124	GBP/NOK	12.6119		
EUR/HKD	8.9989	GBP/CHF	1.1031	AUD/USD	0.7113
EUR/CAD	1.6046	GBP/AUD	1.8812	NZD/USD	0.5732

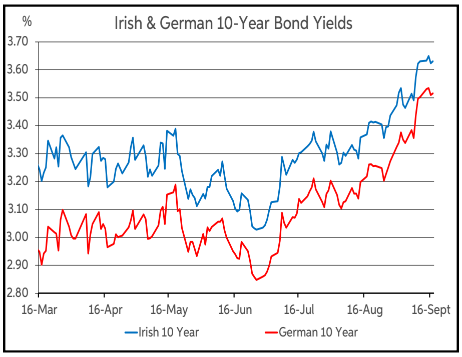

Dollar/Yen Exchange Rate


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 25
10 Year Yield %				
US	5.00	+1	+35	+85
Germany	3.51	-2	+25	+65
UK	5.30	-9	+26	+83
Ireland	3.62	-3	+21	+60
Belgium	4.12	-3	+30	+78
France	4.47	-3	+36	+91
Italy	4.37	-4	+30	+86
Spain	3.97	-3	+27	+68
Portugal	3.88	-3	+27	+72
Greece	4.28	-1	+35	+80
5 Year Swap %				
US	4.87	+7	+54	+114
Eurozone	3.49	-3	+36	+93
UK	4.88	-10	+28	+99
2 Year Swap %				
US	4.85	+7	+58	+128
Eurozone	3.46	-3	+41	+120
UK	4.81	-11	+30	+108
10 Year Government Bond Spreads to Benchmark bps				
Ireland	11	-0	-4	-5
Belgium	62	-1	+6	+13
France	96	-1	+11	+26
Italy	86	-1	+6	+21
Spain	46	-1	+3	+3
Portugal	37	-1	+2	+7
Greece	77	+1	+10	+15

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	105.83	-2.69	+15.51	+73.92
West Texas Oil	103.62	-3.18	+18.72	+80.96
Gold $	4262.1	-0.71	-5.73	-1.21

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