Morning Comment

AIB Treasury Economic Research Unit

Dollar supported by further hawkish Fed rhetoric

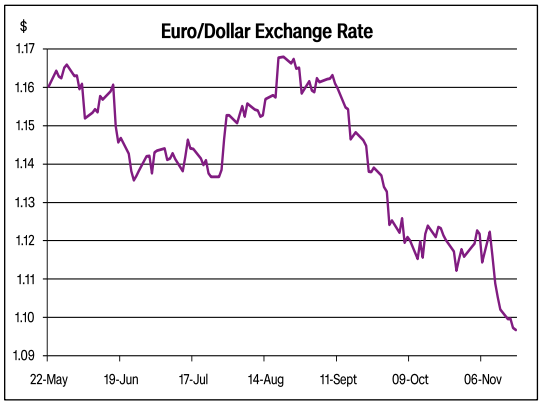
Investor sentiment continued to hold a cautious tone yesterday. Concerns regarding the AI boom amid the latest quarterly results from Nvidia, as well as anticipation ahead of the Antropic IPO, led to some volatility. At the same time, hawkish rhetoric from a slew of central bank officials also provided an unhelpful backdrop for risk appetite. Overall, the Euro Stoxx 50 fell by 0.9%, its fourth successive trading day loss. On Wall Street, the S&P 500 declined by a more modest 0.2%.

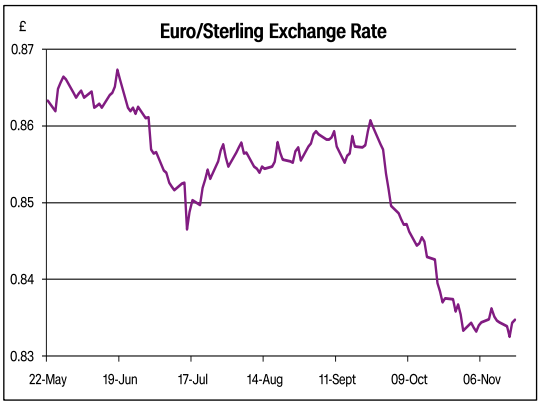
On the monetary policy front, Fed Governor Waller reiterated that he would be open to hiking rates by 50bps at the next policy meeting in December. Meantime, Fed officials Barr, Daly and Kashkari also indicated that they are likely to support tightening policy further in the coming months. The Fed FOMC meeting minutes from the October gathering also struck a hawkish tone. Elsewhere, BoE Governor Bailey re-emphasised the guidance he offered at the November MPC meeting, stating that the longer the war in the Middle persists, "the higher the level of interest rates will need to be", but that monetary policy "is not on a preset path". Data-wise, the final reading of Eurozone HICP inflation confirmed that the headline rate rose to 4.0% but that the core rate remained at 2.2% in October.

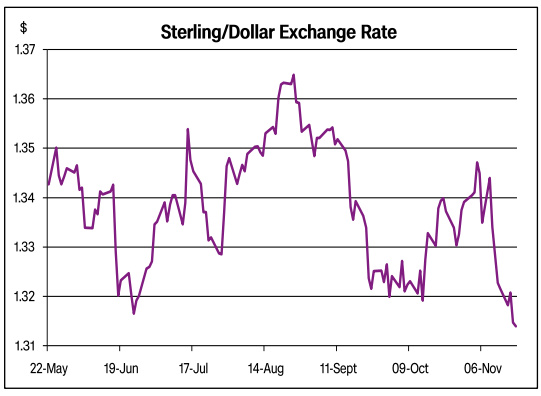
Against this backdrop, the dollar continued to hold the upper hand yesterday. At the same time, sterling was under some modest downward pressure. In level terms, this sees GBP/USD open this morning back at the midpoint of the $1.31-1.32 band. EUR/GBP is changing hands in the lower half of the 83-84p corridor. Meanwhile, EUR/USD continues to operate in the top half of the $1.09-1.10 range, having recorded another new year-to-date low of $1.0954 yesterday.

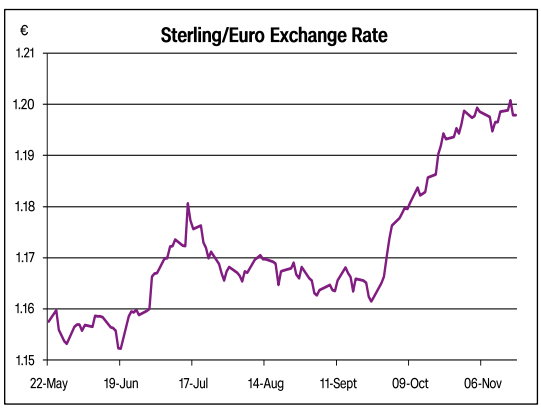
Turning to the day ahead, the macro data schedule is rather light on both sides of the Atlantic. The only release of any note will be the latest weekly US initial jobless claims figures. Elsewhere, remarks from central bank officials will continue to warrant close attention.

Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.0975	-0.06	-6.56
EUR/GBP	0.8343	+0.23	-4.27
GBP/USD	1.3150	-0.32	-2.40
GBP/EUR	1.1981	-0.23	4.46
USD/JPY	159.56	+0.18	1.86
EUR/JPY	175.17	+0.14	-4.79

* 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	3.88	4.02	4.20	4.61	4.95	4.88
EUR	2.50	2.48	2.78	3.28	3.38	3.38
GBP	4.00	3.98	4.15	4.63	4.98	4.98

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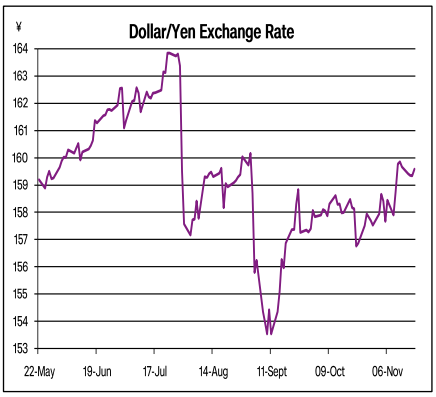
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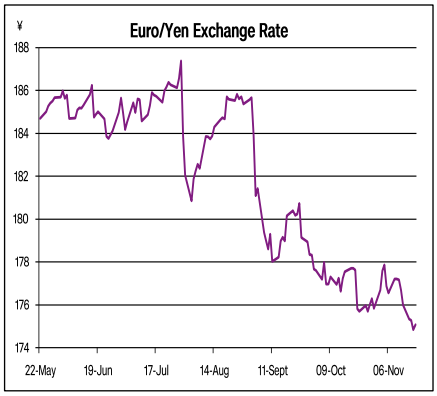
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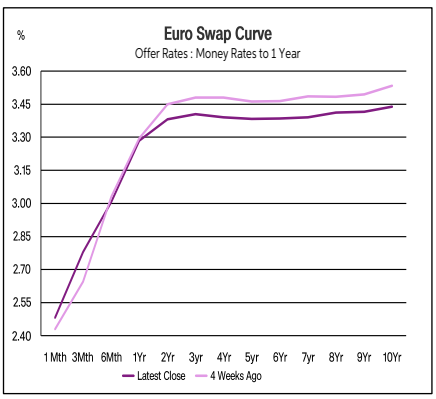
Opening Levels

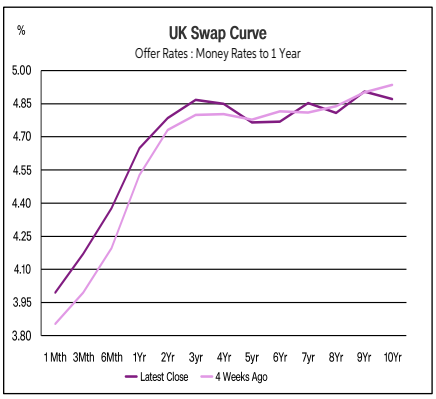
Today's Opening Rates

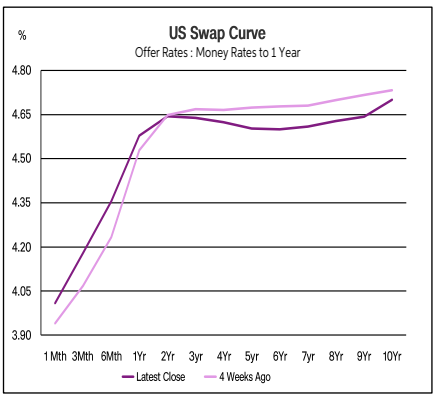
Euro		Sterling		Dollar	
EUR/GBP	0.8343	GBP/EUR	1.1981	USD/JPY	159.56
EUR/USD	1.0975	GBP/USD	1.315	USD/CAD	1.4326
EUR/JPY	175.17	GBP/CAD	1.8838	USD/CHF	0.843
EUR/SEK	11.1555	GBP/NZD	2.3894	USD/CNY	6.6654
EUR/DKK	7.4743	GBP/JPY	209.85	USD/BRL	5.883
EUR/NOK	10.6432	GBP/SEK	13.3643	USD/RUB	81.9900
EUR/CHF	0.9252	GBP/DKK	8.9546	USD/INR	93.305
EUR/AUD	1.6372	GBP/NOK	12.7554		
EUR/HKD	8.6081	GBP/CHF	1.1087	AUD/USD	0.6701
EUR/CAD	1.5721	GBP/AUD	1.9619	NZD/USD	0.5501

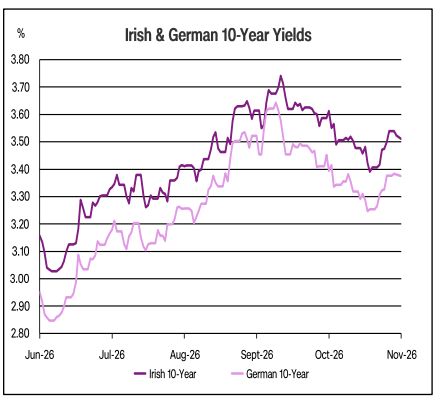












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	5.07	-4	-8	+91
Germany	3.37	-1	-2	+51
UK	5.37	+1	-4	+90
Ireland	3.52	+1	-3	+49
Belgium	4.35	-0	+1	+101
France	4.88	-8	-4	+132
Italy	4.44	-3	-9	+92
Spain	3.96	+1	-7	+67
Portugal	3.84	+0	-10	+68
Greece	4.27	-1	-13	+79
5 Year Swap %				
US	4.85	-2	-8	+113
Eurozone	3.39	+2	-7	+83
UK	4.96	-7	-8	+107
2 Year Swap %				
US	4.91	+0	+2	+134
Eurozone	3.39	+1	-6	+113
UK	4.97	-7	+2	+124
10 Year Government Bond Spreads to Benchmark bps				
Ireland	15	+2	-1	-2
Belgium	98	+0	+0	+3
France	151	-7	-7	-2
Italy	106	-3	-3	-7
Spain	58	+2	+2	-5
Portugal	47	+1	-8	+17
Greece	90	-0	-11	-11

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	91.95	-1.28	-15.50	+51.11
West Texas Oil	87.31	+0.33	-14.36	+52.48
Gold $	3722.4	-3.31	-10.10	-13.72

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