Morning Comment
AIB Treasury Economic Research Unit

Thursday 20 August 2026
07:14 am

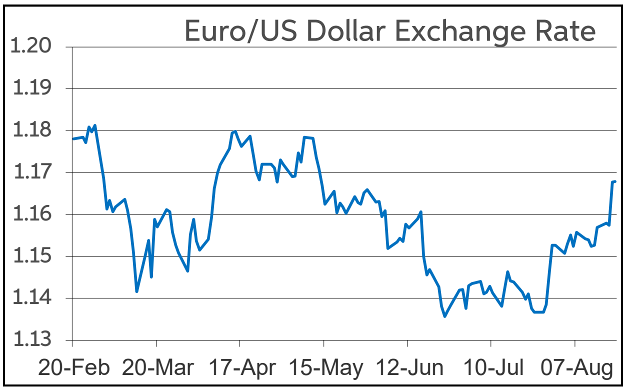
Softer tone to the dollar

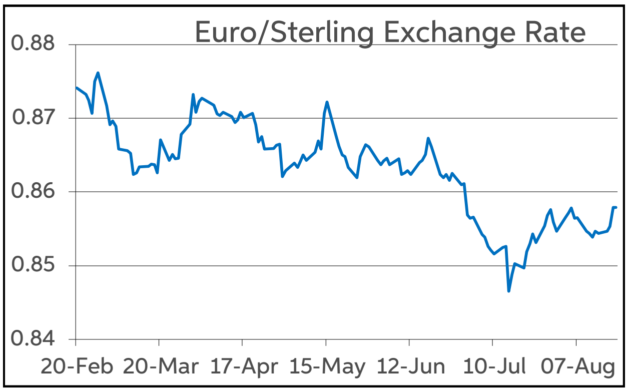
There was a subdued tone to investor sentiment for much of yesterday. Investors took to the sidelines awaiting developments in relation to the US-Iran war amid increasing concerns about a prolonged conflict. As a result, oil prices remained elevated against the uncertain geopolitical backdrop. Brent crude continued to trade above the $90 per barrel threshold. The wait-and-see approach among investors was evident in the main equity indices trading in a sideways pattern for much of the day. In Europe, the Euro Stoxx 50 edged 0.4% lower. Meanwhile, at the closing bell on Wall Street last night, the S&P 500 was modestly (+0.2%) higher on the day.

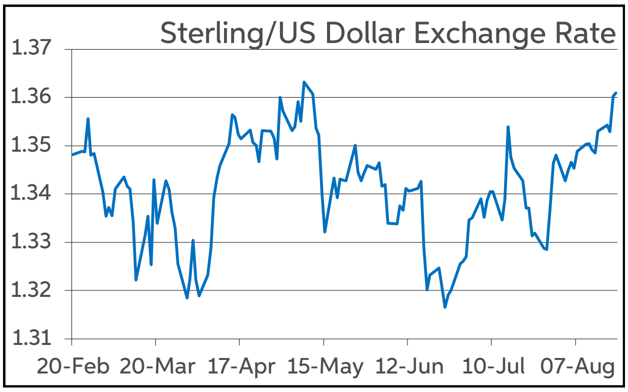
Instead, it was the action on bond markets that grabbed the spotlight yesterday. The US Treasury announced that it would at least double the size of its liquidity buyback operations for longer-dated US government debt (10y-20yr, 20y-30y segments). This development comes amid the recent sharp move higher in yields at the longer end of the Treasury curve. The 30-year Treasury yield fell from above 5.3% to nearer 5.2% in the aftermath of the news.

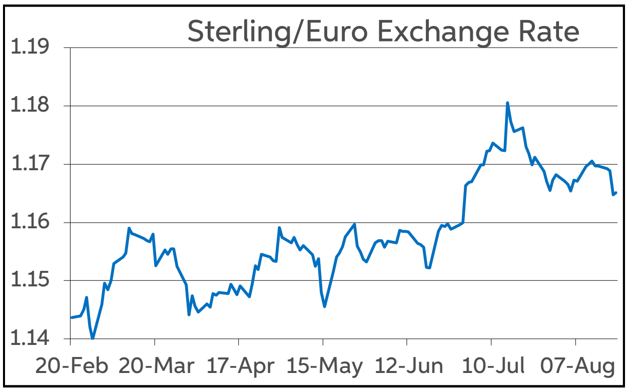
Currency-wise, the dollar came under some downward pressure, coinciding with the US Treasury's announcement and the move lower in yields. The weakness in the greenback was reflected in the dollar index falling below its 200-day moving average for the first time since early May. In terms of the main dollar pairs, the softer dollar tone saw EUR/USD regain the $1.16 level, trading to a high of $1.1683, GBP/USD pushed up into $1.36 territory, while USD/JPY fell back below ¥159. Elsewhere, EUR/GBP moved marginally higher within the upper half of the 85-86p band.

Looking ahead to today, the macro data diary is quiet on both sides of the Atlantic. Therefore, Middle East-related news may be the main potential source of direction for markets.
John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1679	0.81	-0.56
EUR/GBP	0.8579	0.29	-1.56
GBP/USD	1.3609	0.51	1.01
GBP/EUR	1.1651	-0.29	1.59
USD/JPY	158.54	-0.49	1.21
EUR/JPY	185.17	0.31	0.64

* 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	3.65	3.72	3.96	4.31	4.35
EUR	2.25	2.20	2.50	2.94	3.06	3.12
GBP	3.75	3.72	3.77	4.11	4.52	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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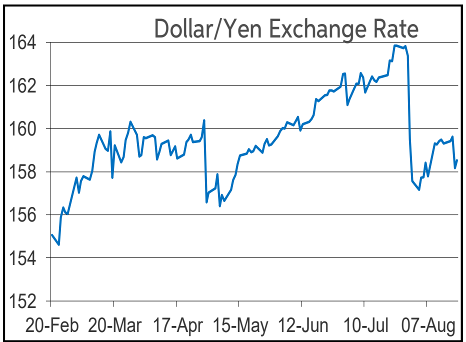
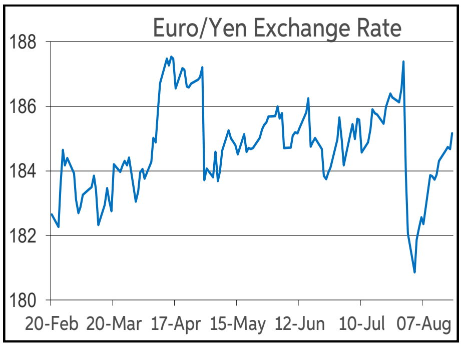
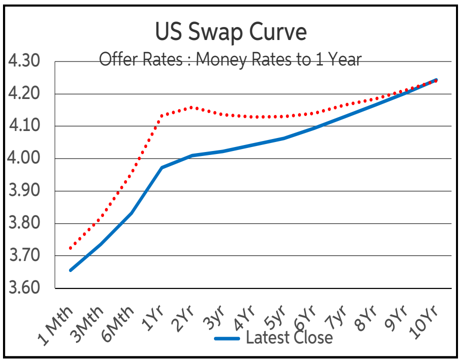
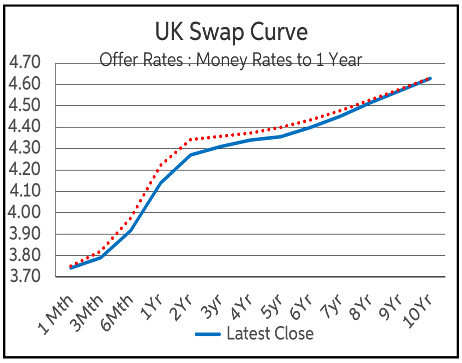
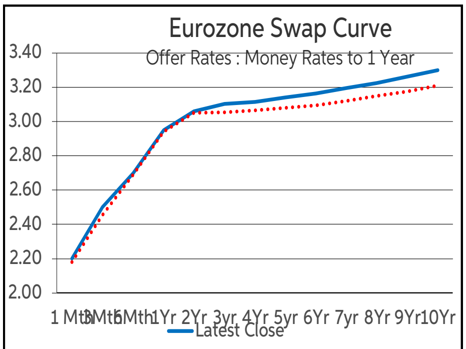
Euro		Sterling		Dollar	
EUR/GBP	0.8579	GBP/EUR	1.1651	USD/JPY	158.54
EUR/USD	1.1679	GBP/USD	1.3609	USD/CAD	1.3793
EUR/JPY	185.17	GBP/CAD	1.8768	USD/CHF	0.7989
EUR/SEK	11.0157	GBP/NZD	2.2844	USD/CNY	6.7243
EUR/DKK	7.4758	GBP/JPY	215.74	USD/BRL	5.179
EUR/NOK	10.8847	GBP/SEK	12.8345	USD/RUB	83.7
EUR/CHF	0.933	GBP/DKK	8.7089	USD/INR	95.6325
EUR/AUD	1.6406	GBP/NOK	12.6818		
EUR/HKD	9.1595	GBP/CHF	1.0872	AUD/USD	0.7117
EUR/CAD	1.6106	GBP/AUD	1.9118	NZD/USD	0.5955

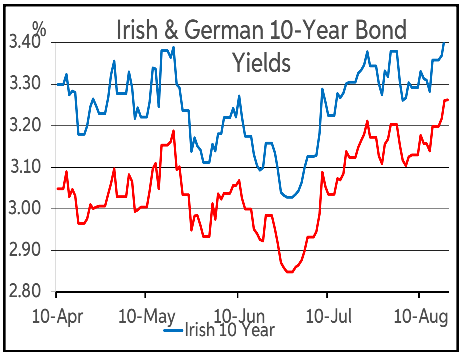












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	4.65	-5	-0	+50
Germany	3.26	+0	+8	+40
UK	5.05	-4	+1	+57
Ireland	3.42	+0	+7	+39
Belgium	3.82	-0	+10	+47
France	4.11	-1	+13	+55
Italy	4.07	-1	+7	+56
Spain	3.70	-2	+6	+41
Portugal	3.61	-0	+6	+45
Greece	3.93	-0	+2	+45
5 Year Swap %				
US	4.33	-2	-5	+61
Eurozone	3.14	+2	+6	+58
UK	4.61	-1	-1	+71
2 Year Swap %				
US	4.28	+1	-11	+71
Eurozone	3.05	+1	+1	+80
UK	4.51	-1	-5	+78
10 Year Government Bond Spreads to Benchmark bps				
Ireland	15	+0	-1	-1
Belgium	56	-0	+2	+7
France	84	-1	+5	+15
Italy	81	-1	-2	+16
Spain	44	-2	-2	+1
Portugal	35	-1	-2	+5
Greece	66	-0	-6	+5

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	91.62	+0.66	-2.60	+50.57
West Texas Oil	87.28	+0.93	-0.43	+52.43
Gold $	4521.1	+4.33	+9.49	+4.80

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