

Monetary policy focus switches to the ECB today

The main focus for markets yesterday was the US Fed meeting. As widely anticipated, the Fed left its key interest rate unchanged in a 3.75-4.00% range. The statement referenced that an “accumulation of more information” would help the FOMC decide on the appropriate stance of its policy setting to achieve its 2% inflation target. This implies that by its next meeting in early December, the Fed should have sufficient macro updates to assess the case for another rate hike. The market is attaching around an 85% probability to a December hike. In the press conference, once again, Fed Chair Warsh refrained from providing any definitive signals on the future path of interest rates. However, he did mention that one of the eight meetings scheduled for 2027 and two of eight for 2028 would not be policy-setting/voting FOMC’s and would instead focus on strategy.

This reduces the number of ‘live’ meetings for rate changes and this news did coincide with some modest downward pressure on the dollar. Overall, though, the action among the FX majors was generally confined to narrow ranges yesterday. The EUR/USD pair opens this morning at \$1.114, with GBP/USD back above the \$1.33 threshold. From a sterling perspective, yesterday’s Budget contained no surprises and therefore was not a needle-mover for the pound. This is reflected in EUR/GBP remaining in a tight range near its YTD low of 83.6p over the past 24 hours.

Ahead today, the monetary policy focus will shift to the ECB meeting. At its previous meeting in September, the central bank increased rates by 25bps, representing its second rate rise this year. Today’s meeting outcome is expected to see the Deposit rate left unchanged at 2.50%. However, the market is attaching around a 75% probability to a rate hike at its last meeting of the year in mid-December. Therefore, today’s meeting statement and President Lagarde’s press conference will be closely assessed for signs to validate this rate hike view.

John Fahey, Senior Economist, AIB

Today's Opening FX Rates

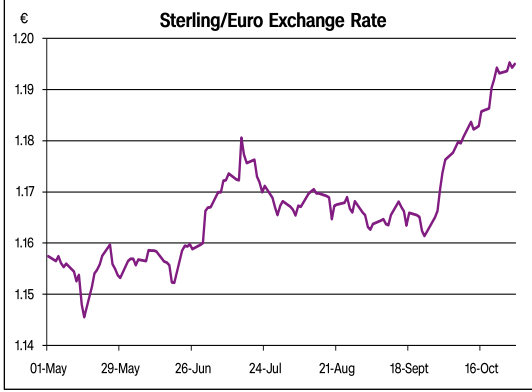
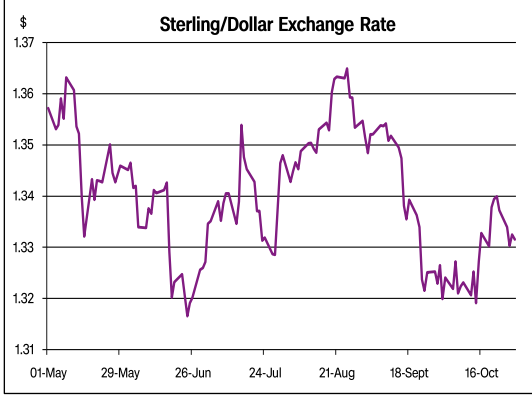
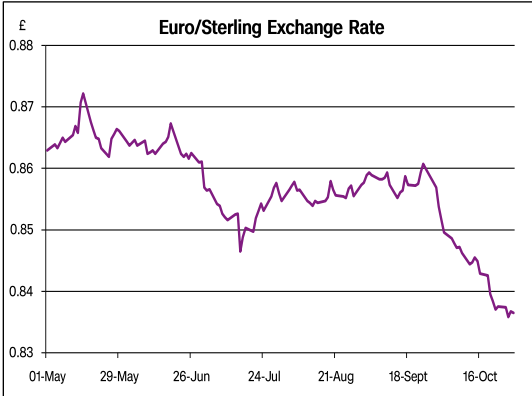
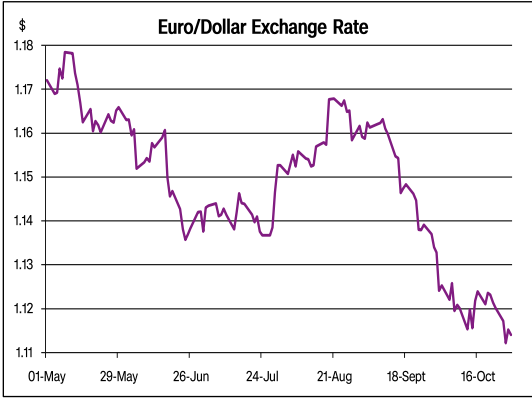
		% Change	
		Day *	End 2025
EUR/USD	1.1140	+0.20	-5.15
EUR/GBP	0.8365	+0.00	-4.02
GBP/USD	1.3315	+0.20	-1.17
GBP/EUR	1.1951	+0.00	4.18
USD/JPY	157.87	+0.04	0.78
EUR/JPY	175.87	+0.23	-4.41

* 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	3.90	4.04	4.44	4.82	4.81
EUR	2.50	2.44	2.62	3.23	3.39	3.41
GBP	3.75	3.93	4.02	4.54	5.01	5.01



Today's Opening Rates

Euro

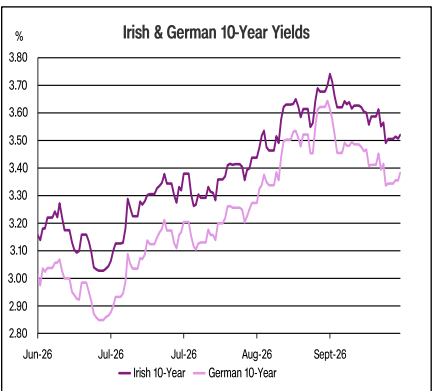
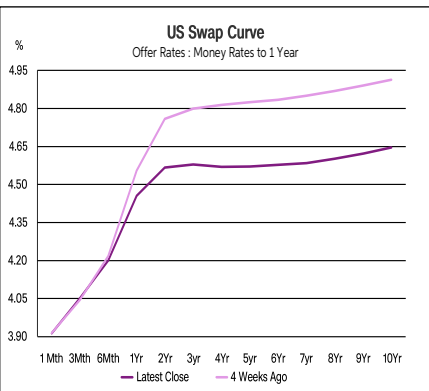
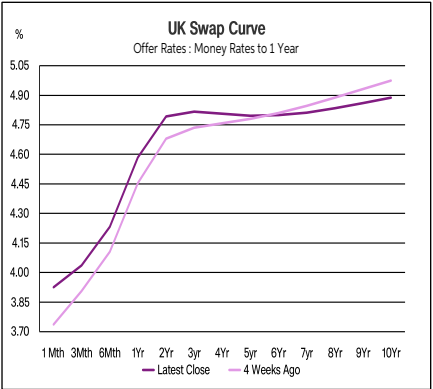
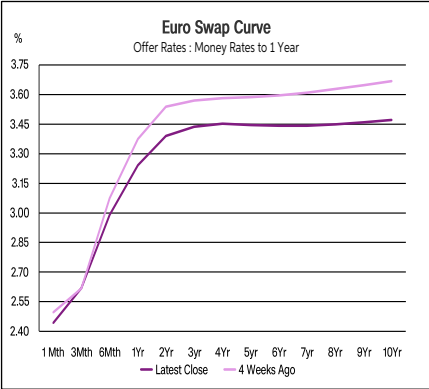
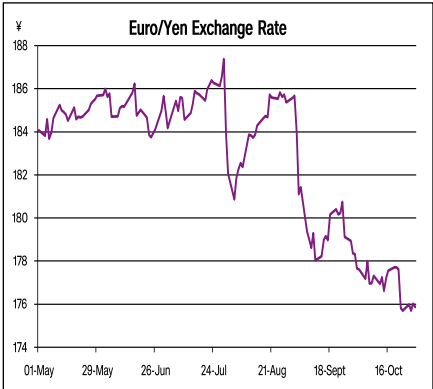
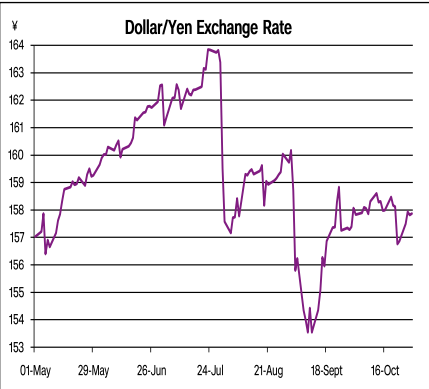
EUR/GBP	0.8365
EUR/USD	1.114
EUR/JPY	175.87
EUR/SEK	11.0398
EUR/DKK	7.4731
EUR/NOK	10.3144
EUR/CHF	0.9228
EUR/AUD	1.5808
EUR/HKD	8.7404
EUR/CAD	1.5584

Sterling

GBP/EUR	1.1951
GBP/USD	1.3315
GBP/CAD	1.8627
GBP/NZD	2.3696
GBP/JPY	210.2
GBP/SEK	13.193
GBP/DKK	8.9307
GBP/NOK	12.3261
GBP/CHF	1.1027
GBP/AUD	1.8894

Dollar

USD/JPY	157.87
USD/CAD	1.3993
USD/CHF	0.8282
USD/CNY	6.6609
USD/BRL	5.3464
USD/RUB	80.1677
USD/INR	95.35
AUD/USD	0.7045
NZD/USD	0.5616



Debt Markets

		Change bps		
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	5.05	+5	-25	+89
Germany	3.38	+3	-20	+52
UK	5.33	-3	-11	+85
Ireland	3.52	+1	-19	+49
Belgium	4.39	-1	+3	+105
France	4.93	+1	+7	+137
Italy	4.52	+1	-12	+101
Spain	4.01	+1	-14	+71
Portugal	3.89	+2	-13	+73
Greece	4.32	+1	-12	+84
5 Year Swap %				
US	4.82	+1	-26	+110
Eurozone	3.43	+1	-15	+87
UK	5.01	+0	-0	+111
2 Year Swap %				
US	4.81	-5	-19	+123
Eurozone	3.38	-1	-15	+113
UK	5.00	+1	+9	+127
10 Year Government Bond Spreads to Benchmark bps				
Ireland	14	-1	+0	-3
Belgium	101	-4	-4	+22
France	155	-2	-2	+27
Italy	114	-2	-2	+8
Spain	62	-2	-2	+6
Portugal	51	-1	+6	+21
Greece	94	-1	+7	+7

Commodities

	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	115.32	+1.26	+11.39	+89.52
West Texas Oil	106.25	+2.79	+9.33	+85.56
Gold \$	4067.0	+0.23	-2.14	-5.73

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