Thursday 05 November 2026
07:50 am

Morning Comment

AIB Treasury Economic Research Unit

BoE expected to hike rates today

Investor sentiment was holding a positive tone throughout yesterday as markets continued to digest the US midterm election results, in which the Democrats took control of both houses of Congress. At the same time, a sharp fall in commodity prices provided a supportive backdrop for risk appetite. European natural gas prices fell by 10% to circa €85 Mw/h. Meanwhile Brent crude oil prices declined by close to 9%, to $95/bbl.

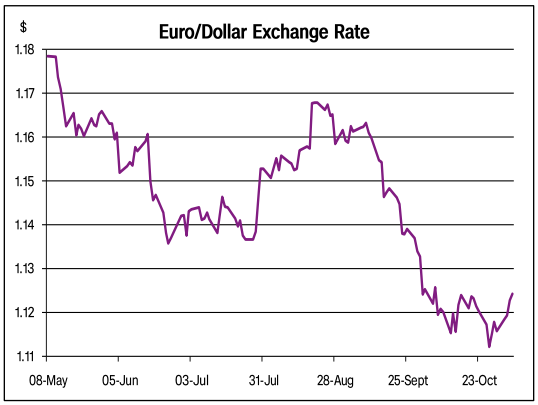
Overall, the Euro Stoxx 50 rose by 2.0% yesterday. Meantime on Wall Street, the S&P 500 gained 1.6%. In terms of fixed income, sovereign bond yields moved lower across the board, amid a slight softening in market rate expectations. US Treasury, German Bund and UK Gilt yields declined by 3-10bps. The spread between French and German 10-year yields narrowed by 14bps to 150bps also.

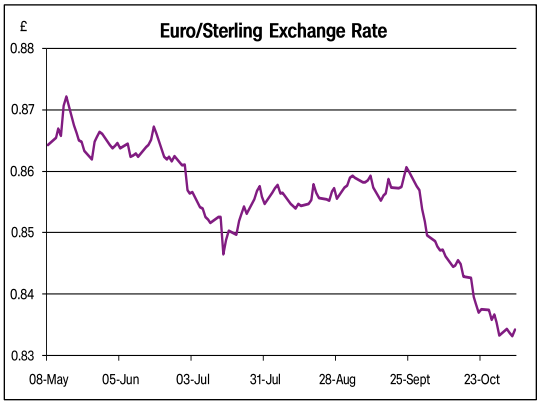
On the data front, the flash reading of Eurozone inflation for October printed in line with expectations. The headline rate accelerated to 4.0% and the core rate remained at 2.2%. The data indicate that second-round inflation effects from higher energy prices remain limited in the Eurozone at present. In the US, the non-manufacturing ISM eased slightly to 54.5 in October (vs. 54.8 f'cast), albeit this remains consistent with activity expanding at a robust pace in the sector.

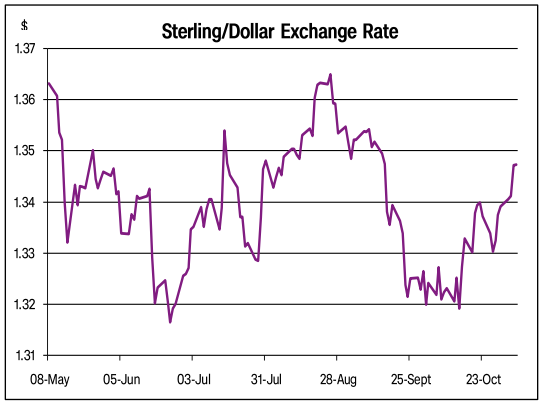
Currency-wise, the main pairs were largely range bound yesterday. Initially the dollar was under some modest downward pressure. However, the greenback has since recouped its losses. In level terms, EUR/USD is just below the midpoint of $1.12-1.13. GBP/USD is in the top half of the $1.34-1.35 corridor. EUR/GBP continues to operate near the halfway mark of 83-84p.

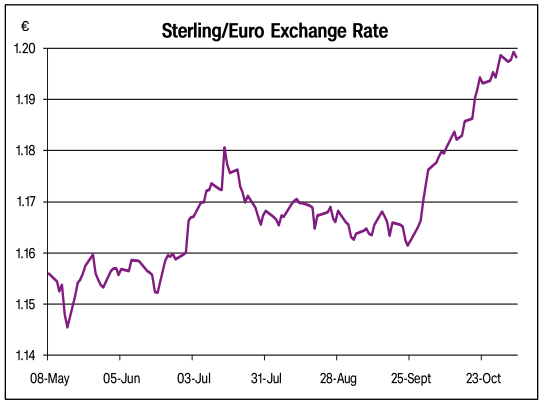
Turning to the day ahead, the main highlight will be the BoE monetary policy anouncement. The MPC is widely expected to hike rate by 25bps. Aside from the decision, the updated Monetary Policy Report and the post-meeting press conference with Governor Bailey will be in focus.

Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1242	+0.06	-4.28
EUR/GBP	0.8343	-0.05	-4.27
GBP/USD	1.3472	+0.10	-0.01
GBP/EUR	1.1982	+0.05	4.46
USD/JPY	158.13	+0.06	0.94
EUR/JPY	177.79	+0.12	-3.37

* 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	3.89	4.05	4.38	4.71	4.66
EUR	2.50	2.44	2.77	3.21	3.30	3.30
GBP	3.75	3.97	4.02	4.44	4.80	4.79

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All rates quoted are indicative market rates

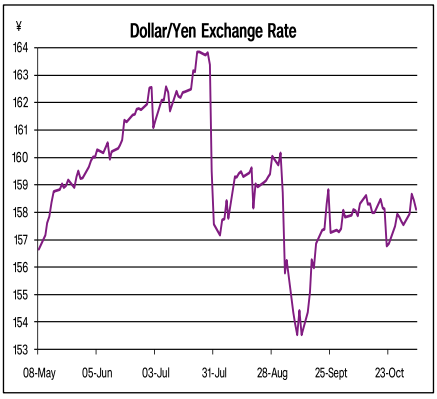
All data sourced from Refinitiv

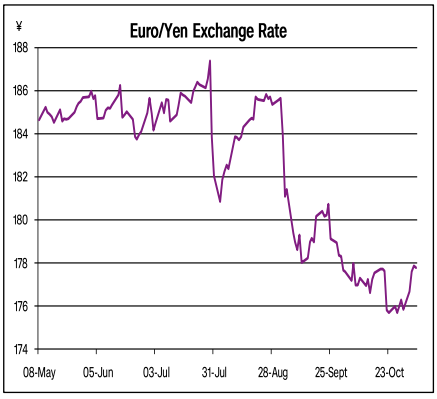
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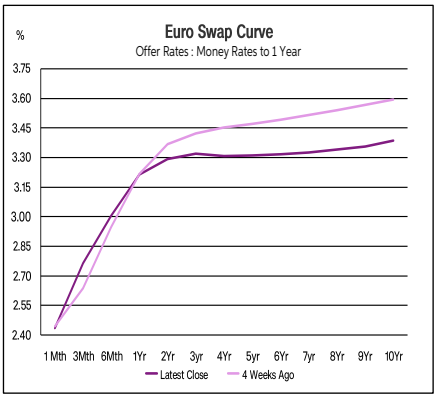
Opening Levels

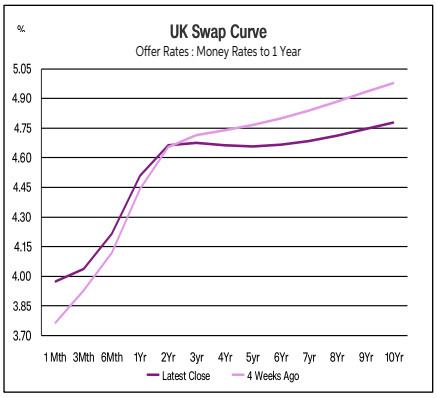
Today's Opening Rates

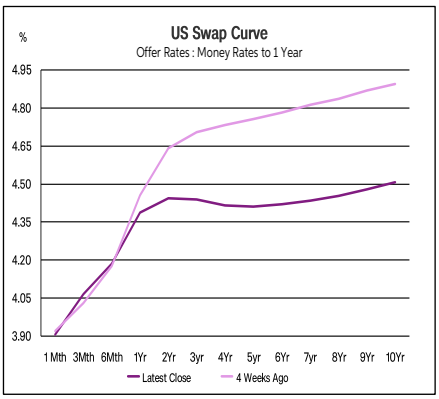
Euro		Sterling		Dollar	
EUR/GBP	0.8344	GBP/EUR	1.1982	USD/JPY	158.14
EUR/USD	1.1244	GBP/USD	1.3475	USD/CAD	1.3953
EUR/JPY	177.83	GBP/CAD	1.8796	USD/CHF	0.8154
EUR/SEK	10.9707	GBP/NZD	2.3874	USD/CNY	6.6698
EUR/DKK	7.4746	GBP/JPY	213.12	USD/BRL	5.46
EUR/NOK	10.4405	GBP/SEK	13.1434	USD/RUB	81.9056
EUR/CHF	0.9169	GBP/DKK	8.9554	USD/INR	94.47
EUR/AUD	1.6026	GBP/NOK	12.5099		
EUR/HKD	8.8208	GBP/CHF	1.0987	AUD/USD	0.7014
EUR/CAD	1.5688	GBP/AUD	1.9205	NZD/USD	0.5641

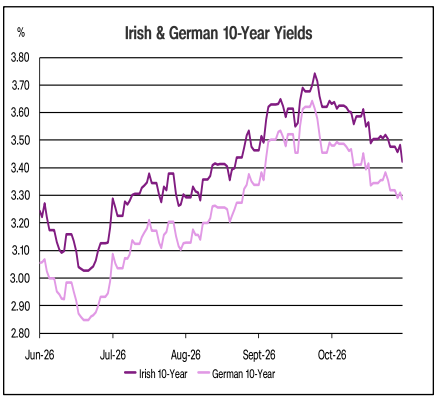












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	4.89	-6	-39	+74
Germany	3.29	-2	-19	+42
UK	5.14	-13	-31	+66
Ireland	3.42	-6	-22	+39
Belgium	4.28	-12	-6	+94
France	4.78	-16	-9	+122
Italy	4.33	-13	-32	+82
Spain	3.83	-9	-30	+54
Portugal	3.74	-2	-27	+58
Greece	4.18	-6	-34	+70
5 Year Swap %				
US	4.66	-8	-35	+93
Eurozone	3.30	-7	-16	+74
UK	4.86	-6	-12	+96
2 Year Swap %				
US	4.69	-5	-17	+112
Eurozone	3.29	-7	-7	+103
UK	4.86	-3	-1	+113
10 Year Government Bond Spreads to Benchmark bps				
Ireland	14	-4	-2	-3
Belgium	100	-10	-10	+13
France	150	-14	-14	+11
Italy	104	-11	-11	-12
Spain	55	-6	-6	-10
Portugal	45	-0	-8	+15
Greece	89	-4	-15	-15

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	94.62	-8.67	-5.57	+55.50
West Texas Oil	91.73	-7.94	-3.46	+60.20
Gold $	4059.7	+3.35	-1.24	-5.90

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