Morning Comment

AIB Treasury Economic Research Unit

Wednesday 02 September 2026
07:11 am

Risk averse mood on markets continues

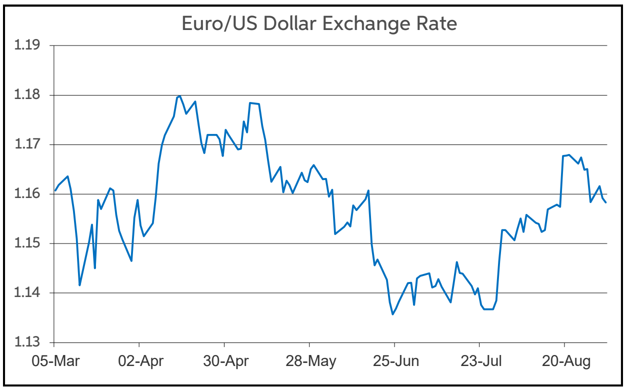
The risk averse mood at the start of the week persisted yesterday. Ongoing concerns regarding the conflict in the Middle East and the impact it is having on inflation were front and centre once again. Brent crude oil prices rose by 5%, to above $95 per barrel. Similarly, European natural gas prices moved 4% higher, to circa €73/MWh.

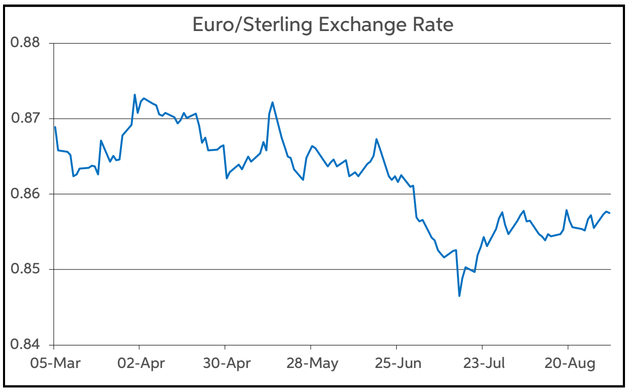
Against this backdrop, the Euro Stoxx 50 shed 0.8%, while the S&P 500 declined by 0.7%. Elsewhere, UK Gilt yields climbed 7-12bps higher, as UK markets returned from a long weekend. German Bund and US Treasury yields remained elevated, with their respective 10-year instruments staying near multi-year highs.

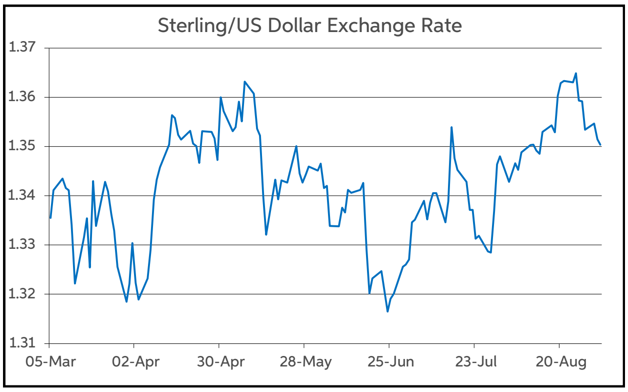
On the data front, the flash reading of Eurozone headline inflation matched the consensus, rising to 3.3% in August, a new year-to-date peak. However, the ex-food & energy rate came in below expectations, easing slightly to 2.1% in the month. This indicates that underlying price pressures in the Eurozone remain contained. Nevertheless, Eurozone futures contracts firmed modestly by 5-10bps yesterday, in line with similar moves in US and UK market rate expectations. Some hawkish remarks from Fed and ECB officials may have contributed to the hardening in rates.

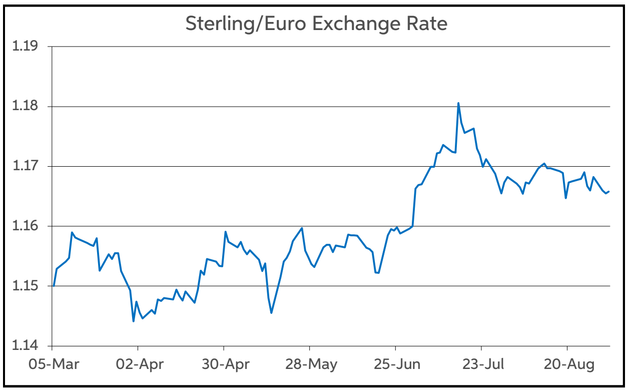
Currency-wise, the main pairs remained range bound. Of the limited price action to note, the dollar was holding a marginally firmer tone. This is reflected by EUR/USD opening this morning back below the $1.16 threshold. GBP/USD is operating down at $1.35. Elsewhere, EUR/GBP remains in the top half of the 85-86p band.

Turning to the day ahead, the macro calendar is sparse on both sides of the Atlantic. FX markets are likely to remain range bound as a result. Meantime, development in the Middle East will be in focus given the re-escalation of military action in recent days.
Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1579	-0.22	-1.41
EUR/GBP	0.8572	0.05	-1.64
GBP/USD	1.3505	-0.27	0.24
GBP/EUR	1.1661	-0.05	1.67
USD/JPY	159.57	-0.18	1.86
EUR/JPY	184.78	-0.41	0.43

* 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	3.74	3.83	4.18	4.54	4.56
EUR	2.25	2.26	2.59	3.07	3.22	3.28
GBP	3.75	3.75	3.83	4.28	4.68	4.77

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

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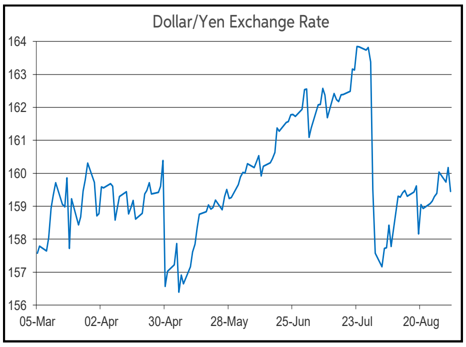
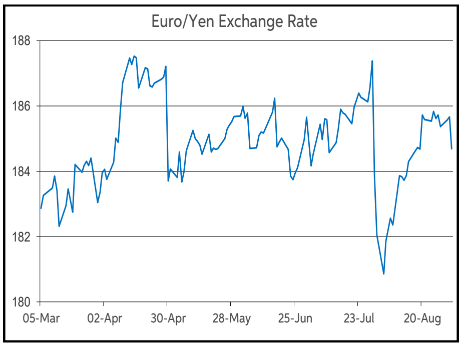
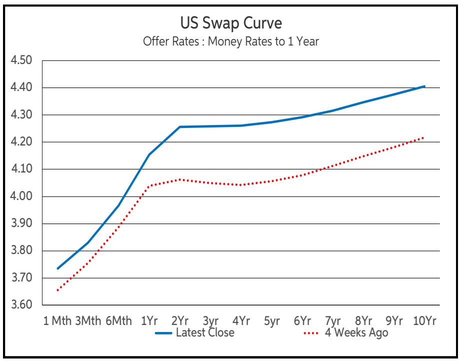
Euro	
EUR/GBP	0.8575
EUR/USD	1.1583
EUR/JPY	184.69
EUR/SEK	11.15
EUR/DKK	7.4754
EUR/NOK	10.799
EUR/CHF	0.9407
EUR/AUD	1.6203
EUR/HKD	9.082
EUR/CAD	1.6109

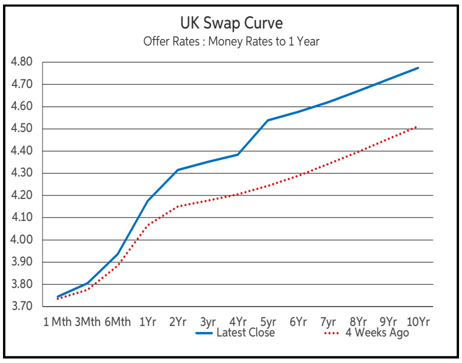
Sterling	
GBP/EUR	1.1657
GBP/USD	1.3504
GBP/CAD	1.8782
GBP/NZD	2.3089
GBP/JPY	215.32
GBP/SEK	12.9988
GBP/DKK	8.7147
GBP/NOK	12.5878
GBP/CHF	1.0967
GBP/AUD	1.8891

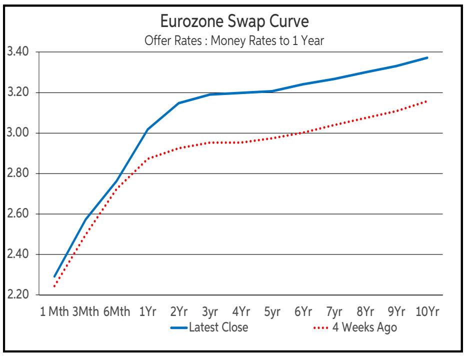
Dollar	
USD/JPY	159.45
USD/CAD	1.3909
USD/CHF	0.8122
USD/CNY	6.7211
USD/BRL	5.153
USD/RUB	86.9
USD/INR	94.96
AUD/USD	0.7146
NZD/USD	0.5846

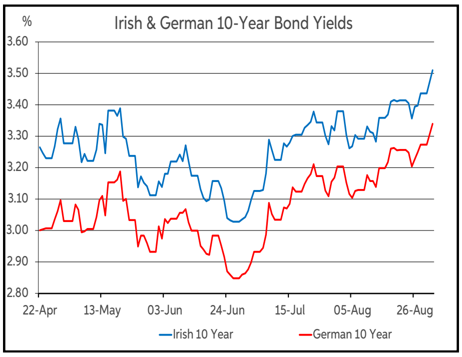












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	4.80	+4	+17	+64
Germany	3.34	+1	+22	+48
UK	5.22	+16	+33	+75
Ireland	3.52	+4	+26	+49
Belgium	3.89	+1	+26	+54
France	4.20	+3	+32	+64
Italy	4.18	+2	+32	+67
Spain	3.80	+2	+26	+51
Portugal	3.70	+1	+24	+54
Greece	4.02	+3	+25	+54
5 Year Swap %				
US	4.55	+5	+24	+82
Eurozone	3.27	+7	+30	+71
UK	4.76	+12	+31	+87
2 Year Swap %				
US	4.51	+3	+21	+93
Eurozone	3.20	+6	+28	+95
UK	4.67	+14	+31	+94
10 Year Government Bond Spreads to Benchmark bps				
Ireland	18	+3	+3	+1
Belgium	55	-0	+4	+7
France	86	+1	+10	+17
Italy	85	+0	+10	+20
Spain	46	+0	+4	+3
Portugal	36	-1	+1	+7
Greece	68	+1	+2	+7

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	94.65	+4.60	+19.27	+55.55
West Texas Oil	91.48	+5.11	+18.30	+59.76
Gold $	4328.6	-2.69	+6.20	+0.34

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