Wednesday 18 November 2026
07:53 am

Morning Comment

AIB Treasury Economic Research Unit

Dollar underpinned by data/hawkish Fed speak

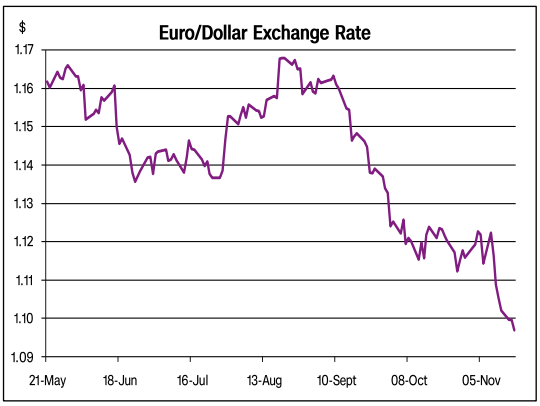
The cautious mood on markets at the start of the week persisted yesterday. Equity markets continued to fall on both sides of the Atlantic. The Euro Stoxx 50 declined by 2.1% while on Wall Street, the S&P 500 shed 1.0%. Meantime, Oil prices rebounded higher, having declined on Monday. Most notably, Brent crude oil increased by circa 1.0% to $93 per barrel.

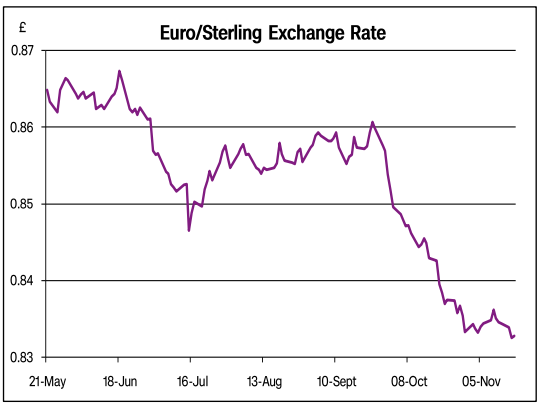
On the data front, US retail sales expanded by 0.2% in October, in line with the consensus. However, the underlying details of the report were quite strong. The control group metric, which is a key core sales indicator, rose by 0.6% in the month (vs. 0.4% f'cast), and the September figure was revised sharply higher to +0.5% m/m from just +0.1% m/m. In contrast though, US industrial production contracted by 0.4% m/m in October, albeit this was almost entirely driven by a drop in utilities output amid recent mild weather for this time of year. Manufacturing rose by 0.3% m/m (vs. +0.2% f'cast).

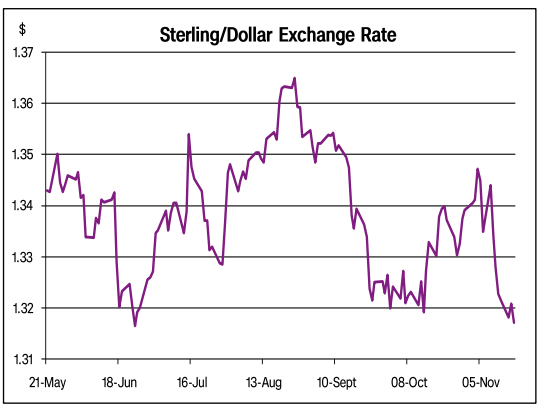
The strong US data provided a supportive backdrop for the dollar yesterday. At the same time, hawkish remarks from a slew of Fed officials also boosted the greenback. St, Louis Fed President Musalem stated that "several" hikes may be needed by the spring. However, Musalem is not due to vote at the FOMC until 2028. Nevertheless, his comments and the data provided a sugar rush for the dollar, which drove EUR/USD down to a low of $1.0968 yesterday. In level terms, EUR/USD opens today within touching distance of yesterday's low. GBP/USD is in the top half of the $1.31-1.32 band. EUR/GBP remains in the bottom half of the 83-84p corridor.

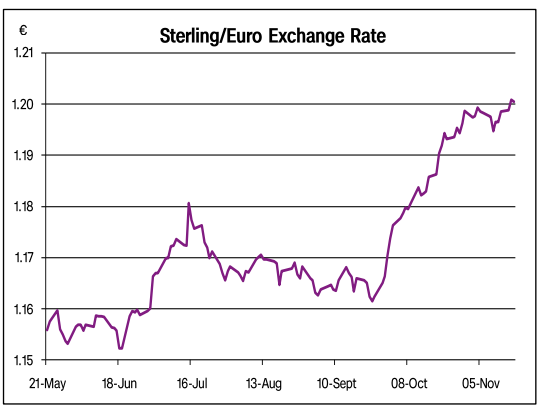
Already this morning, UK CPI inflation data show that the headline rate rose to 3.6% but the core rate remained at 2.8% in October, as expected. Later today, the final reading of Eurozone inflation is set to confirm the headline and core rates stood at 4.0% and 2.2% in October. On the monetary policy front, the latest Fed FOMC meeting minutes are due. Remarks from a plethora of central bank officials, including President Lagarde and Governor Bailey will also warrant attention.

Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.0970	-0.37	-6.60
EUR/GBP	0.8327	-0.16	-4.45
GBP/USD	1.3170	-0.22	-2.25
GBP/EUR	1.2004	+0.16	4.66
USD/JPY	159.29	+0.11	1.69
EUR/JPY	174.76	-0.25	-5.02

* 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	3.99	4.18	4.59	4.93	4.90
EUR	2.50	2.48	2.78	3.26	3.39	3.39
GBP	4.00	3.98	4.16	4.65	5.03	5.01

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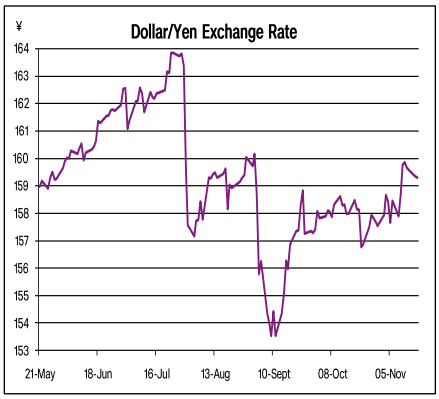
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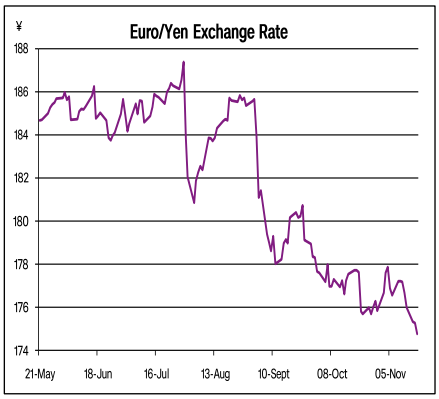
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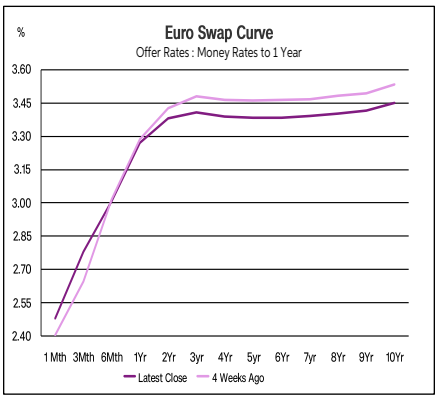
Opening Levels

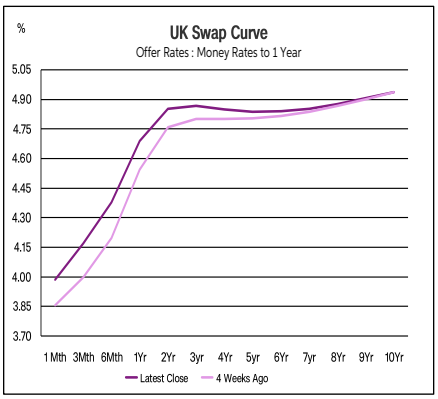
Today's Opening Rates

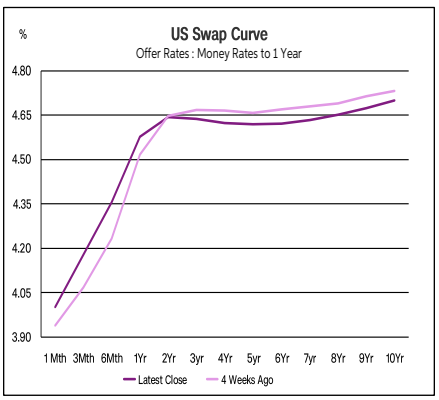
Euro		Sterling		Dollar	
EUR/GBP	0.8327	GBP/EUR	1.2004	USD/JPY	159.29
EUR/USD	1.0970	GBP/USD	1.317	USD/CAD	1.4322
EUR/JPY	174.76	GBP/CAD	1.8864	USD/CHF	0.8415
EUR/SEK	11.1354	GBP/NZD	2.3985	USD/CNY	6.6649
EUR/DKK	7.4741	GBP/JPY	209.8	USD/BRL	5.7781
EUR/NOK	10.6062	GBP/SEK	13.3679	USD/RUB	82.0100
EUR/CHF	0.9232	GBP/DKK	8.9725	USD/INR	93.48
EUR/AUD	1.6321	GBP/NOK	12.7328		
EUR/HKD	8.6051	GBP/CHF	1.1084	AUD/USD	0.6719
EUR/CAD	1.5713	GBP/AUD	1.9596	NZD/USD	0.5488

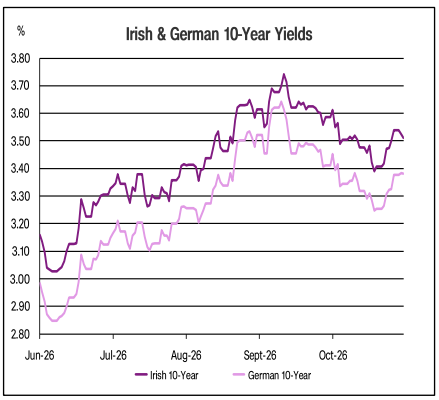












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	5.10	-2	-1	+95
Germany	3.38	-0	-1	+52
UK	5.37	+1	-4	+90
Ireland	3.51	-1	-4	+48
Belgium	4.35	-3	+1	+101
France	4.88	-8	-4	+132
Italy	4.44	-3	-9	+92
Spain	3.95	-2	-8	+66
Portugal	3.84	-0	-5	+68
Greece	4.28	-1	-12	+80
5 Year Swap %				
US	4.87	-4	-4	+115
Eurozone	3.37	-2	-8	+81
UK	5.03	-1	-1	+114
2 Year Swap %				
US	4.91	-4	+2	+133
Eurozone	3.38	-2	-5	+112
UK	5.04	-1	+5	+131
10 Year Government Bond Spreads to Benchmark bps				
Ireland	13	-1	-3	-4
Belgium	97	-3	-3	+2
France	150	-7	-7	-3
Italy	106	-3	-3	-7
Spain	57	-2	-2	-7
Portugal	46	+0	-4	+16
Greece	90	-1	-11	-11

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	93.14	+0.76	-14.39	+53.06
West Texas Oil	87.31	+0.33	-18.09	+52.48
Gold $	3849.8	-0.17	-6.66	-10.76

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