

EUR/GBP below 84p

Investor sentiment continued to hold a cautious tone yesterday. Brent crude oil prices remained elevated, reaching \$111 per barrel overnight, its highest level since May. Meantime, for a second consecutive day, US equity markets outperformed. The Euro Stoxx 50 fell by 0.4%, while on Wall Street, the S&P 500 rose by a modest 0.3%.

On bond markets, sovereign yield curves flattened across the board. Long-dated, US Treasury, UK Gilt and German Bund yields declined by 3-6bps yesterday. However, short-dated yields in the US and UK edged slightly higher, while they were close to flat in Germany. Meantime, the spread between German and French 10-year yields widened further to 153bps, as a vote on the revenue side of the French budget was postponed.

On the currency front, sterling was in the ascendancy once again yesterday. The move coincided with a modest firming in UK rate expectations, on the back of some better than anticipated labour market data. Current futures pricing indicates that the market expects 115bps of policy tightening between now and the end of 2027, up from 110bps previously. The firmer tone to sterling saw EUR/GBP fall to a new year-to-date low of 83.85p, while GBP/USD traded north of the \$1.34 threshold for the first time since mid-September. As trading gets underway this morning, EUR/GBP is operating just below the 84p mark. GBP/USD is in the top half of the \$1.33-1.34 range. Elsewhere, EUR/USD remains in the lower half of the \$1.12-1.13 corridor.

Already this morning, UK CPI inflation data for September has printed a touch above the consensus. The headline and the core rates rose to 3.5% and 2.8% in the month (vs. 3.4% and 2.7% f'cast). However, the release has not impacted sterling so far in early trading. The remainder of today's macro data calendar is relatively sparse. However, developments in France and the Middle East will remain in focus.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates

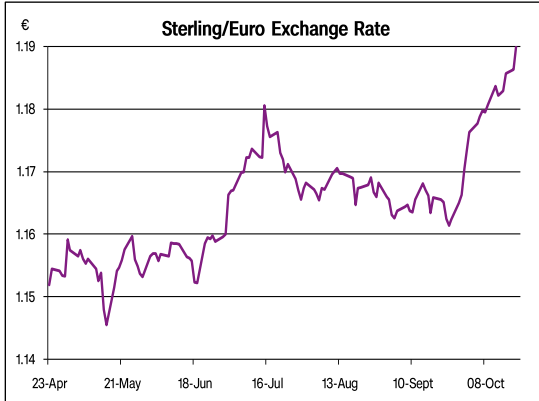
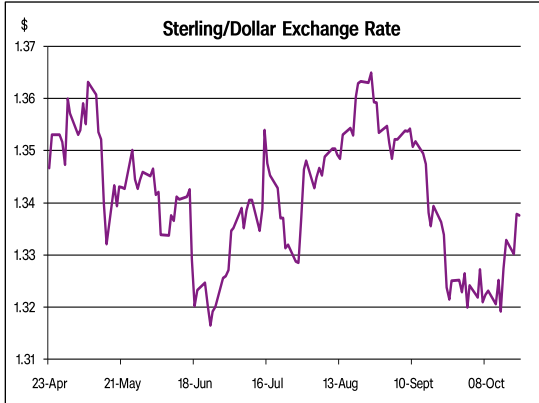
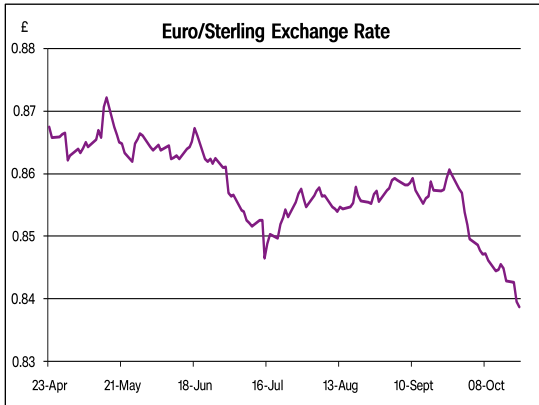
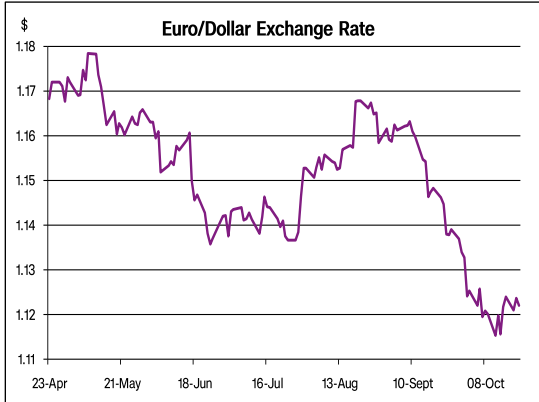
		% Change	
		Day *	End 2025
EUR/USD	1.1220	-0.12	-4.47
EUR/GBP	0.8387	-0.44	-3.76
GBP/USD	1.3376	+0.33	-0.72
GBP/EUR	1.1919	+0.44	3.91
USD/JPY	158.13	-0.02	0.94
EUR/JPY	177.43	-0.14	-3.57

* 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	3.92	4.06	4.50	4.92	4.93
EUR	2.50	2.42	2.64	3.27	3.44	3.47
GBP	3.75	3.86	3.99	4.53	4.98	5.03



Today's Opening Rates

Euro

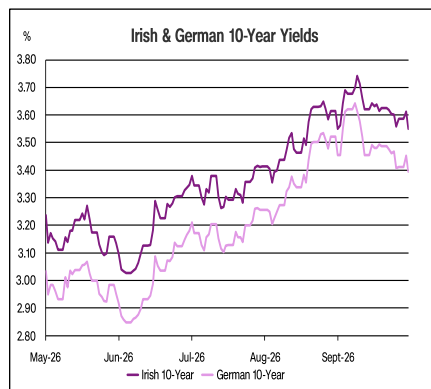
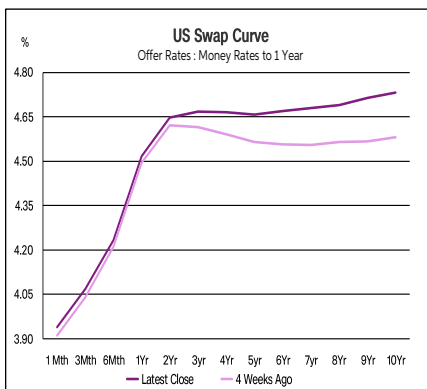
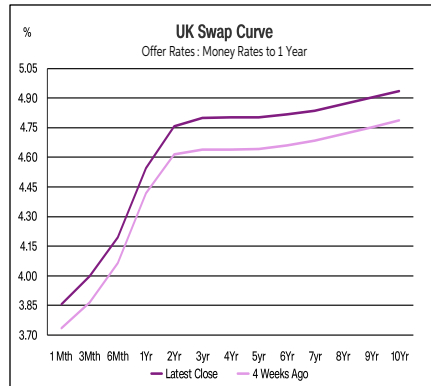
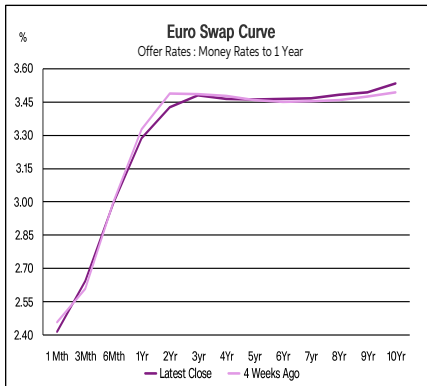
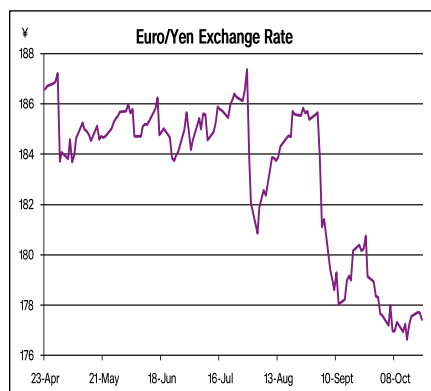
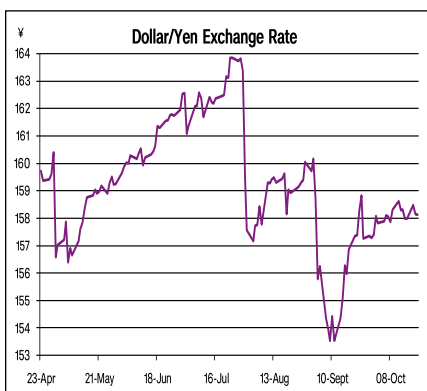
EUR/GBP	0.8387
EUR/USD	1.122
EUR/JPY	177.43
EUR/SEK	11.1145
EUR/DKK	7.4736
EUR/NOK	10.5419
EUR/CHF	0.9258
EUR/AUD	1.5986
EUR/HKD	8.8054
EUR/CAD	1.5778

Sterling

GBP/EUR	1.1919
GBP/USD	1.3375
GBP/CAD	1.8804
GBP/NZD	2.3547
GBP/JPY	211.5
GBP/SEK	13.2487
GBP/DKK	8.9094
GBP/NOK	12.5662
GBP/CHF	1.1038
GBP/AUD	1.9056

Dollar

USD/JPY	158.13
USD/CAD	1.4061
USD/CHF	0.8251
USD/CNY	6.6787
USD/BRL	5.0241
USD/RUB	82.2950
USD/INR	94.68
AUD/USD	0.7017
NZD/USD	0.5678



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 25
10 Year Yield %				
US	5.12	-2	+15	+96
Germany	3.39	-6	-6	+53
UK	5.41	-3	+17	+94
Ireland	3.55	-6	-1	+52
Belgium	4.34	-2	+25	+100
France	4.92	-0	+42	+136
Italy	4.52	-5	+16	+101
Spain	4.03	-4	+10	+74
Portugal	3.89	-5	+5	+73
Greece	4.41	+1	+20	+93

5 Year Swap %				
US	4.91	+1	+9	+119
Eurozone	3.46	-2	+0	+90
UK	5.05	+2	+18	+115

2 Year Swap %				
US	4.89	+2	+2	+132
Eurozone	3.42	+0	-6	+117
UK	5.00	+5	+16	+127

10 Year Government Bond Spreads to Benchmark bps				
Ireland	16	-0	+5	-1
Belgium	95	+4	+4	+31
France	153	+6	+6	+48
Italy	113	+1	+1	+22
Spain	64	+2	+2	+16
Portugal	49	+1	+12	+20
Greece	101	+7	+26	+26

Commodities

	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	108.79	-0.69	+9.61	+78.78
West Texas Oil	107.89	+1.15	+11.91	+88.42
Gold \$	4124.3	-0.37	-5.29	-4.40

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