Morning Comment

AIB Treasury Economic Research Unit

Monday 10 August 2026
07:20 am

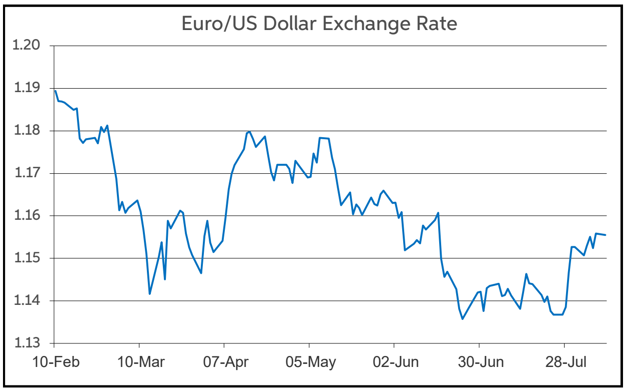
Weak US payrolls cast doubt on Fed September hike

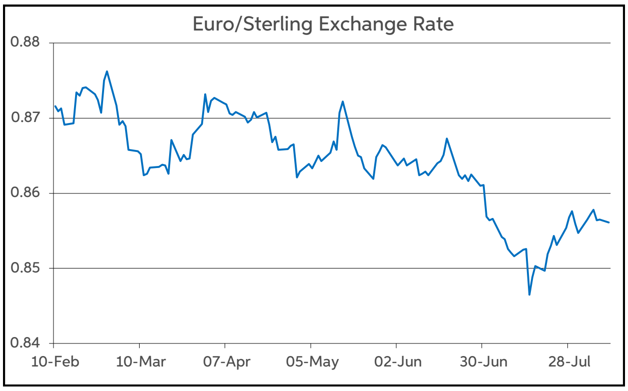
There was a positive tone to market sentiment last week, underpinned initially on optimism that progress was being made in resolving the Middle East conflict, including the potential re-opening of the Strait of Hormuz. Although, uncertainty over whether a deal could be achieved meant there was still some volatility to proceedings. Overall, by the close on Wall Street on Friday night, the S&P 500 was 3.6% higher over the period.

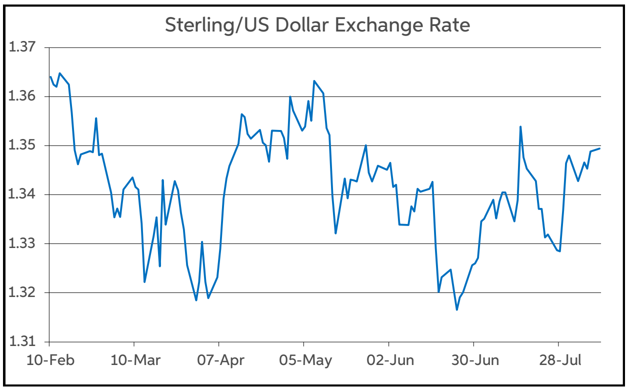
Data-wise, the focus last week was on the US diary with a raft of labour market data published on Friday, including the always closely followed non-farm payrolls number for July. The weaker than forecast jobs data lead to a softening in Fed rate hike expectations. The market adjusted to attach around a 45% probability to a hike in September (was c. 65% before the data).

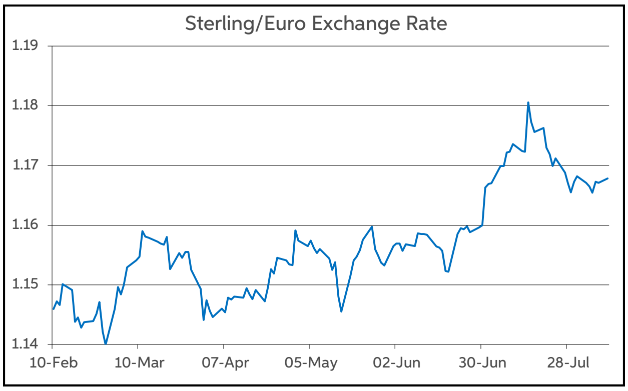
From a currency perspective, the main pairs operated within relatively narrow ranges for much of last week. However, Friday's aforementioned weak payroll data acted as a headwind to the dollar heading into the weekend. EUR/USD moved back above the midpoint of $1.15-1.16, trading to a high of $1.158. GBP/USD pushed up towards the $1.35 handle. Elsewhere, USD/JPY traded back above the ¥158 threshold as some of the impact of the intervention to boost the yen started to fade. Meanwhile, EUR/GBP operated in a very narrow 85.5-85.8p corridor last week.

Looking ahead to this week, there are some key data releases on both sides of the Atlantic. From a sterling perspective, the schedule features Q2 GDP (Thur). For the dollar, CPI inflation for July (Wed) and retail sales (Fri) are key highlights. Meantime, from a euro viewpoint, the calendar is less eventful, Q2 employment data and the second reading of Q2 GDP (both Fri) are the main releases of note. Middle East related developments, if any, will also be in focus.
John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1555	0.28	-1.62
EUR/GBP	0.8561	-0.02	-1.77
GBP/USD	1.3494	0.31	0.16
GBP/EUR	1.1677	0.02	1.80
USD/JPY	158.41	0.03	1.12
EUR/JPY	183.05	0.30	-0.51

* 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	3.63	3.73	4.01	4.33	4.36
EUR	2.25	2.20	2.47	2.87	2.97	3.02
GBP	3.75	3.74	3.77	4.07	4.41	4.50

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

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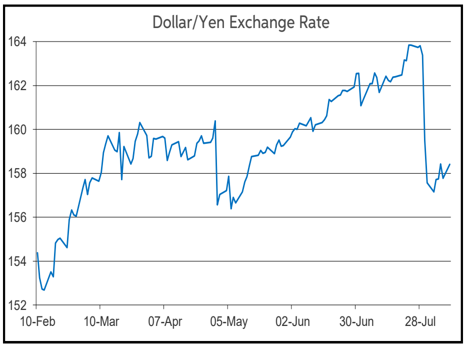
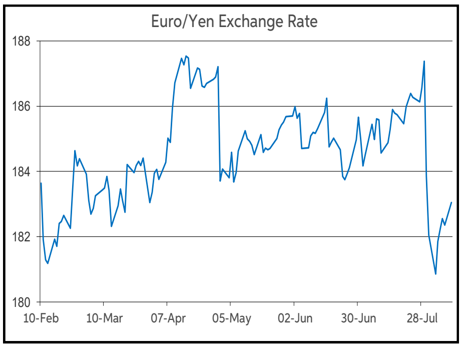
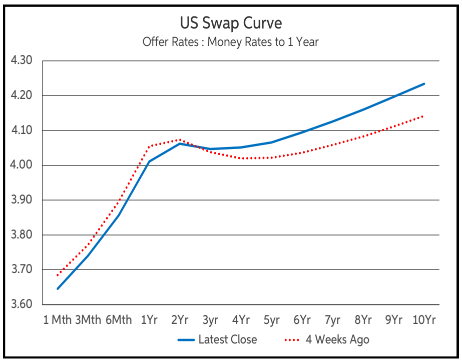
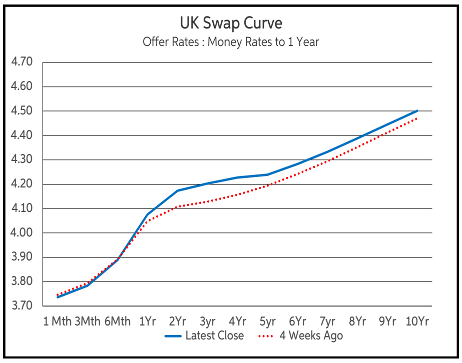
AIB

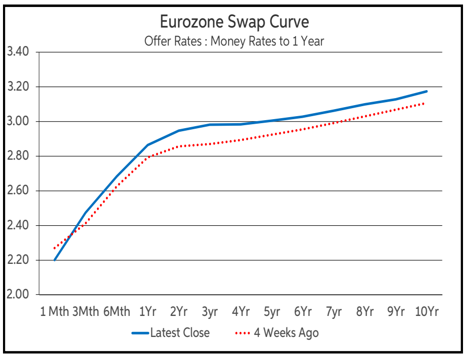
Euro		Sterling		Dollar	
EUR/GBP	0.8561	GBP/EUR	1.1677	USD/JPY	158.41
EUR/USD	1.1555	GBP/USD	1.3494	USD/CAD	1.3954
EUR/JPY	183.05	GBP/CAD	1.8829	USD/CHF	0.8089
EUR/SEK	10.959	GBP/NZD	2.2905	USD/CNY	6.7443
EUR/DKK	7.4753	GBP/JPY	213.76	USD/BRL	5.0842
EUR/NOK	10.9812	GBP/SEK	12.7967	USD/RUB	82.8
EUR/CHF	0.9346	GBP/DKK	8.7306	USD/INR	95.25
EUR/AUD	1.6348	GBP/NOK	12.8241		
EUR/HKD	9.0656	GBP/CHF	1.0915	AUD/USD	0.7067
EUR/CAD	1.6123	GBP/AUD	1.9089	NZD/USD	0.5888

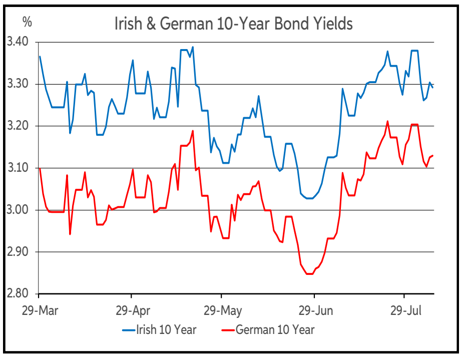












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	4.66	-1	+9	+51
Germany	3.13	+0	+9	+27
UK	4.92	-2	+5	+45
Ireland	3.29	-1	+7	+26
Belgium	3.65	-2	+6	+31
France	3.91	-1	+9	+35
Italy	3.91	-1	+10	+40
Spain	3.56	-1	+5	+27
Portugal	3.47	-1	+6	+31
Greece	3.78	+1	+7	+30
5 Year Swap %				
US	4.33	-5	+5	+60
Eurozone	2.99	-3	+8	+43
UK	4.48	-3	+5	+59
2 Year Swap %				
US	4.29	-7	-3	+72
Eurozone	2.94	-3	+9	+69
UK	4.39	-4	+5	+66
10 Year Government Bond Spreads to Benchmark bps				
Ireland	16	-2	-3	-0
Belgium	52	-2	-3	+4
France	78	-1	-1	+9
Italy	78	-1	+1	+13
Spain	43	-1	-5	+0
Portugal	34	-1	-3	+5
Greece	65	+0	-3	+4

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	83.55	+1.29	+9.92	+37.30
West Texas Oil	79.77	+1.13	+10.10	+39.31
Gold $	4341.7	+2.42	+5.38	+0.64

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