Morning Comment

AIB Treasury Economic Research Unit

Wednesday 12 August 2026
07:17 am

Middle East conflict remains a cloud on market horizon

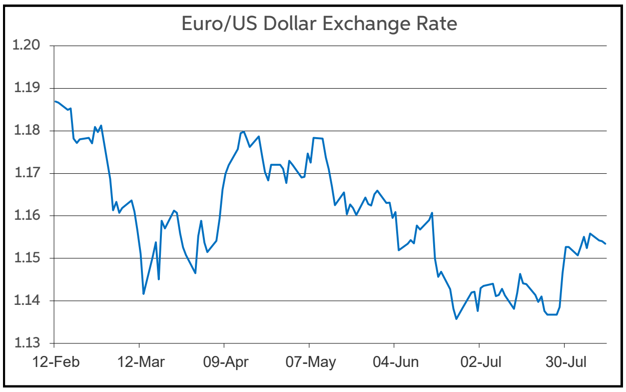
The Middle East conflict continued to be a key theme for markets to ponder yesterday. Oil prices remained volatile amid uncertainty over any near term breakthrough in talks as well as renewed tensions in the Strait of Hormuz. Brent crude experienced some further upward pressure, trading up to a high at $90 per barrel. Against this geopolitical backdrop, investor sentiment was holding a cautious tone. At the closing bell on Wall Street last night, the S&P 500 index was 0.3% lower on the day.

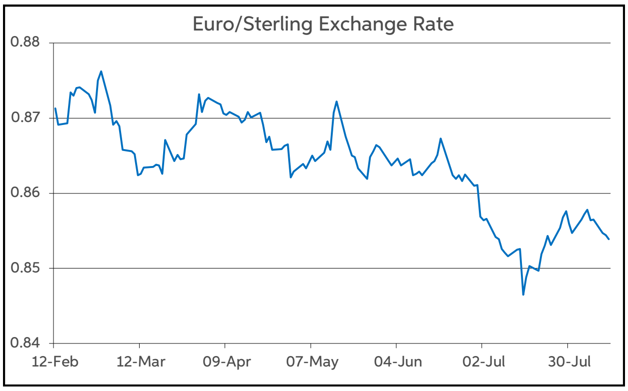
Yesterday's macro data calendar was US centric but lacking in top tier releases. The two publications of any note painted a mixed picture of the US economy in July. The NFIB measure of small business optimism rose by more than expected, increasing to 99.8 (vs. f'cast for 97.5), its highest level since August 2025. On the other hand, existing homes sales for July printed below expectations, falling by 1.7% m/m as higher mortgage rates weighed on transaction levels. However, as anticipated, neither release generated any impact from a dollar perspective.

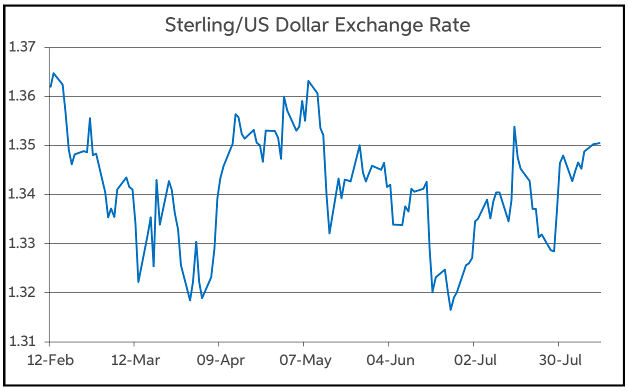
Indeed, the main FX pairs have been confined to narrow ranges over the past 24 hours. This is evident in the majors trading this morning at levels very similar to yesterday's open. The EUR/USD pair remains below the midpoint of $1.15-1.16, GBP/USD continues to straddle $1.35 and EUR/GBP has maintained its position in the lower end of the 85-86p trading band. Elsewhere, the yen has stabilised, for now, after coming under some selling pressure in recent days. USD/JPY continues to change hands above ¥159.

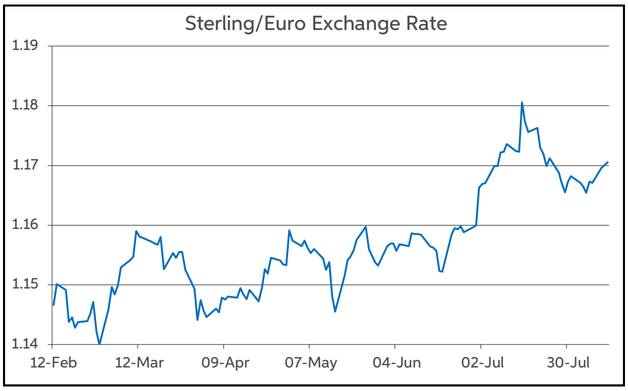
Ahead today, the Middle East will remain in focus. Data-wise, US CPI inflation data for July is a key release in the context of potential Fed rate hikes. Therefore, the release poses some event risk for the dollar.

John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1534	-0.07	-1.80
EUR/GBP	0.8539	-0.02	-2.02
GBP/USD	1.3505	-0.04	0.24
GBP/EUR	1.1707	0.02	2.06
USD/JPY	159.37	0.13	1.74
EUR/JPY	183.85	0.06	-0.08

* 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	3.64	3.75	4.02	4.35	4.38
EUR	2.25	2.18	2.48	2.88	2.99	3.04
GBP	3.75	3.73	3.78	4.10	4.44	4.55

All rates quoted are indicative market rates **See Next Page For More Rates & Charts**

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Opening Levels

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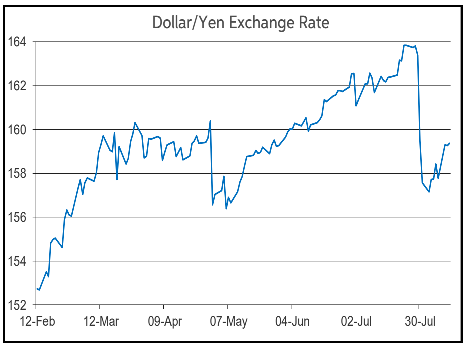
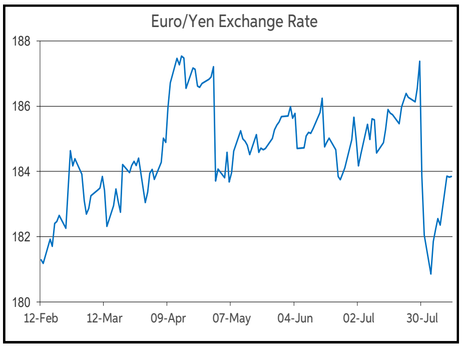
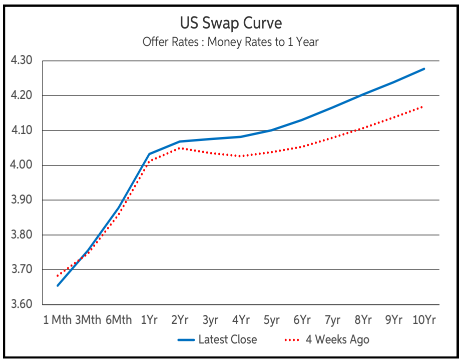
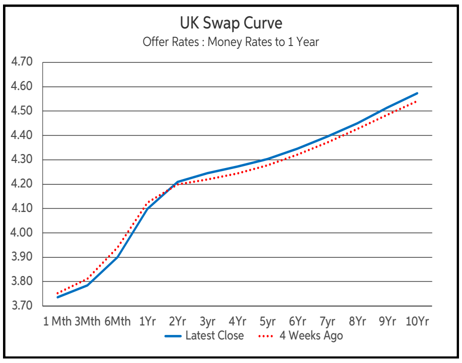
AIB

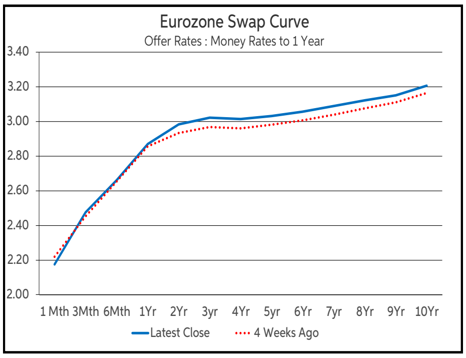
Euro		Sterling		Dollar	
EUR/GBP	0.8539	GBP/EUR	1.1707	USD/JPY	159.37
EUR/USD	1.1534	GBP/USD	1.3505	USD/CAD	1.3927
EUR/JPY	183.85	GBP/CAD	1.8806	USD/CHF	0.8119
EUR/SEK	10.9916	GBP/NZD	2.301	USD/CNY	6.7461
EUR/DKK	7.4757	GBP/JPY	215.23	USD/BRL	5.1576
EUR/NOK	10.952	GBP/SEK	12.8663	USD/RUB	82.8
EUR/CHF	0.9366	GBP/DKK	8.7502	USD/INR	95.42
EUR/AUD	1.6339	GBP/NOK	12.815		
EUR/HKD	9.0504	GBP/CHF	1.0964	AUD/USD	0.7057
EUR/CAD	1.6062	GBP/AUD	1.9129	NZD/USD	0.5866

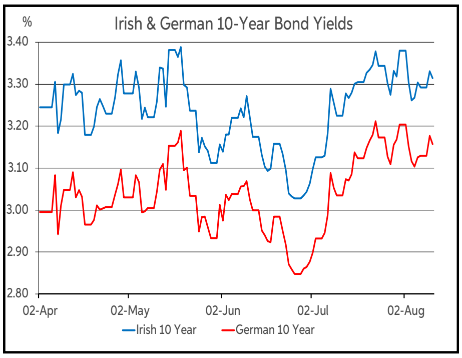












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	4.68	-1	+10	+53
Germany	3.16	-2	+9	+29
UK	4.97	-2	-2	+49
Ireland	3.31	-2	+5	+29
Belgium	3.71	-1	+8	+37
France	3.98	-1	+10	+42
Italy	3.97	-0	+9	+46
Spain	3.61	-2	+4	+32
Portugal	3.51	-0	+6	+35
Greece	3.82	+0	+4	+35
5 Year Swap %				
US	4.35	-4	+6	+63
Eurozone	3.03	-3	+6	+47
UK	4.54	-3	+0	+64
2 Year Swap %				
US	4.32	-2	+2	+75
Eurozone	2.98	-2	+5	+72
UK	4.44	-3	-3	+71
10 Year Government Bond Spreads to Benchmark bps				
Ireland	16	+0	-4	-1
Belgium	56	+1	-1	+7
France	82	+1	+1	+12
Italy	81	+2	+0	+16
Spain	45	+0	-5	+2
Portugal	35	+1	-3	+6
Greece	67	+2	-5	+5

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	88.91	+1.36	+4.93	+46.11
West Texas Oil	84.77	+1.21	+5.38	+48.04
Gold $	4366.8	-0.49	+7.72	+1.22

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