Morning Comment

AIB Treasury Economic Research Unit

Thursday 13 August 2026
07:19 am

Market less certain about September Fed hike

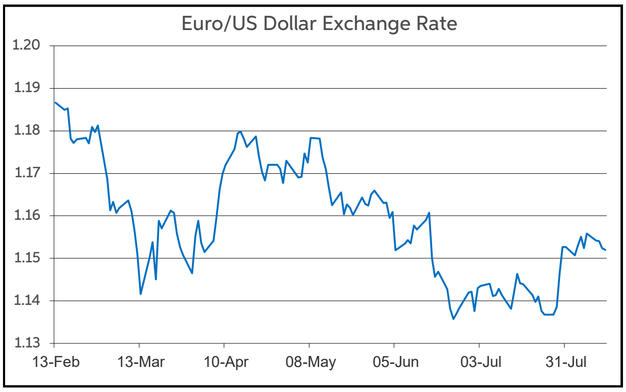
Investor sentiment retained a generally subdued tone for much of yesterday. Once again, market participants were keeping a close eye on 'Middle East' related newsflow to gauge how the conflict between the US and Iran was evolving, including the situation in the Strait of Hormuz. Overall, there was no new meaningful information/developments to provide direction to markets. Oil prices remained elevated but did not break new ground in terms of recent highs. Brent crude tested up at $90 per barrel before edging back to trade within an $88-89 corridor.

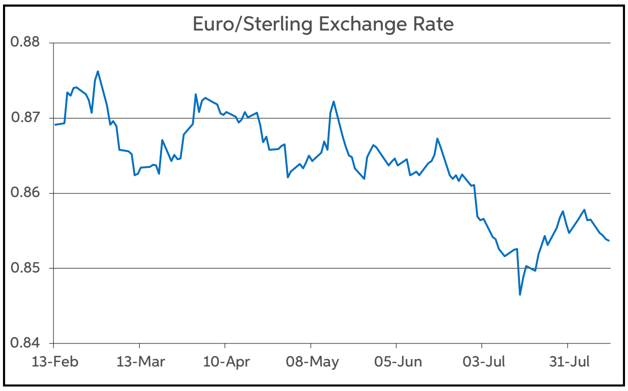
Data-wise, the focus yesterday was on the release of US CPI inflation for July. Both the headline and core rates were in line with consensus forecasts for a marginal easing versus June, printing at 3.4% and 2.5% respectively. The July data support the view that the Fed will remain on hold in September. This was evident in a softening in US rate expectations. Futures contracts pricing now imply that the market is attaching around a 35% probability to a 25bps rise in September. This was nearer to 50% prior to the inflation numbers being published.

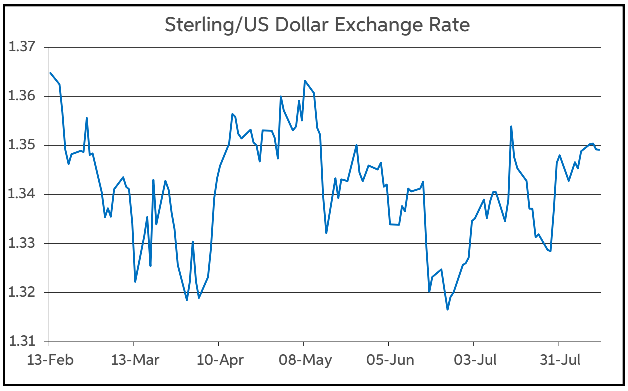
On the currency front, the July inflation data and the resulting softening in US market rates provided only a brief headwind to the dollar. In level terms, the majors start this morning very similar to 24 hours earlier. EUR/USD opens in the lower half of $1.15-1.16 and GBP/USD is near to $1.35. EUR/GBP continues to operate below the midpoint of 85-86p, while USD/JPY remains within ¥159-160.

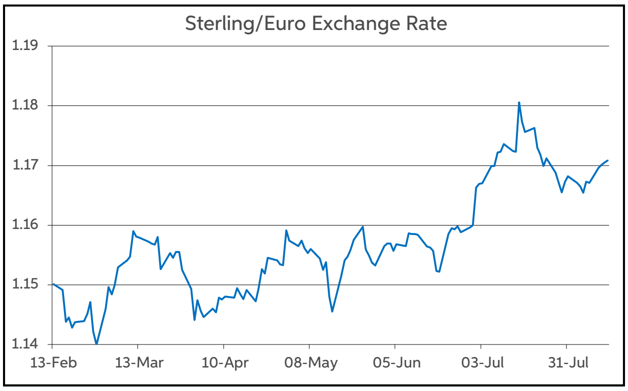
Today's macro diary has already seen the publication of UK Q2 GDP. It matched expectations, increasing by 0.4% q/q, from 0.6% in Q1, with no impact on sterling in the initial aftermath. The only other release of note today is US PPI inflation numbers for July, which will give insight on factory gate price pressures last month.

John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.152	-0.14	-1.92
EUR/GBP	0.8537	-0.02	-2.04
GBP/USD	1.3491	-0.11	0.13
GBP/EUR	1.1709	0.02	2.09
USD/JPY	159.36	-0.03	1.73
EUR/JPY	183.61	-0.15	-0.21

* 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	3.72	3.99	4.33	4.37
EUR	2.25	2.15	2.49	2.88	2.99	3.04
GBP	3.75	3.72	3.77	4.10	4.45	4.55

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie

All Data Sourced from Refinitiv

Opening Levels

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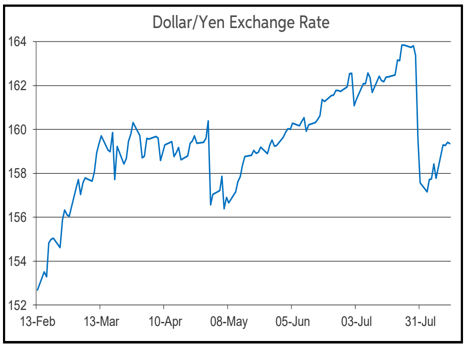
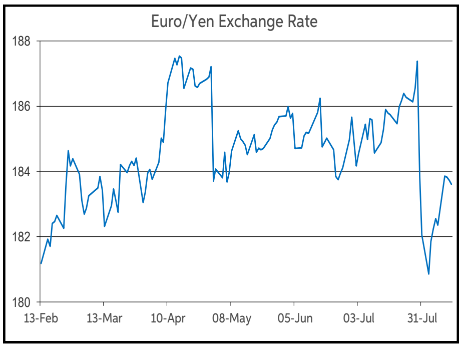
AIB

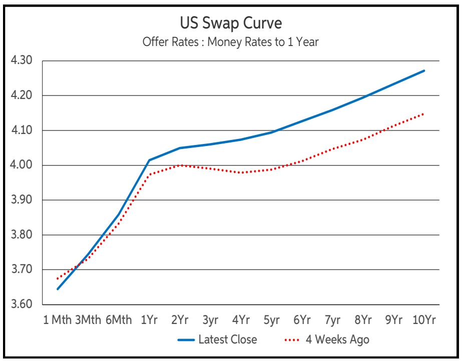
Euro	
EUR/GBP	0.8537
EUR/USD	1.152
EUR/JPY	183.61
EUR/SEK	11.0462
EUR/DKK	7.4757
EUR/NOK	10.9365
EUR/CHF	0.9375
EUR/AUD	1.6336
EUR/HKD	9.0384
EUR/CAD	1.6066

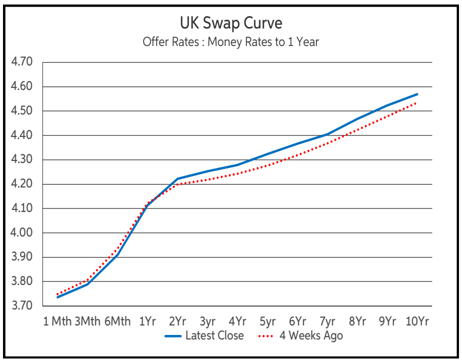
Sterling	
GBP/EUR	1.1709
GBP/USD	1.3491
GBP/CAD	1.8815
GBP/NZD	2.3134
GBP/JPY	214.99
GBP/SEK	12.9334
GBP/DKK	8.7521
GBP/NOK	12.8051
GBP/CHF	1.0982
GBP/AUD	1.913

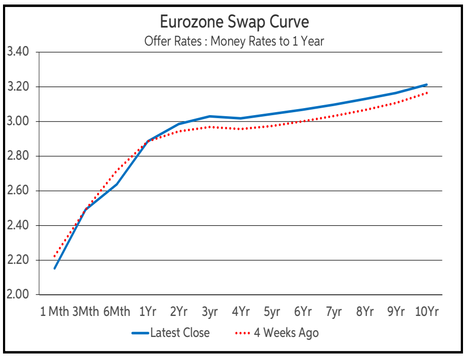
Dollar	
USD/JPY	159.36
USD/CAD	1.3948
USD/CHF	0.8137
USD/CNY	6.7446
USD/BRL	5.1907
USD/RUB	83.35
USD/INR	95.3775
AUD/USD	0.705
NZD/USD	0.5829

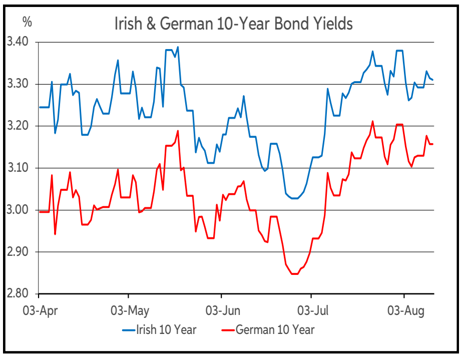












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	4.68	-0	+14	+53
Germany	3.16	+0	+7	+29
UK	4.97	+1	+4	+50
Ireland	3.31	-0	+3	+28
Belgium	3.70	-1	+5	+36
France	3.98	-0	+8	+42
Italy	3.94	-2	+3	+43
Spain	3.60	-0	+3	+31
Portugal	3.50	-2	+2	+34
Greece	3.79	-3	-2	+31
5 Year Swap %				
US	4.37	+2	+13	+64
Eurozone	3.04	+1	+7	+48
UK	4.54	+0	+4	+65
2 Year Swap %				
US	4.31	-1	+5	+73
Eurozone	2.98	+0	+4	+72
UK	4.46	+2	+3	+73
10 Year Government Bond Spreads to Benchmark bps				
Ireland	15	-0	-4	-1
Belgium	55	-1	-2	+6
France	82	-0	+0	+12
Italy	79	-2	-4	+14
Spain	45	-0	-5	+2
Portugal	34	-2	-5	+4
Greece	63	-3	-9	+2

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	88.98	+0.08	+4.74	+46.23
West Texas Oil	84.97	+0.24	+5.25	+48.39
Gold $	4407.1	+0.92	+8.54	+2.15

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