Morning Comment

AIB Treasury Economic Research Unit

Monday 20 July 2026
07:28 am

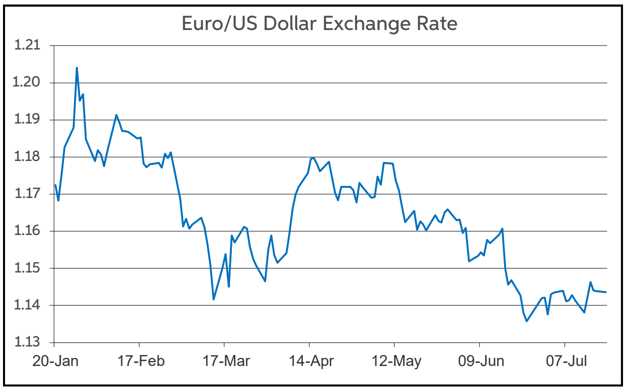
Geopolitical risks to the fore

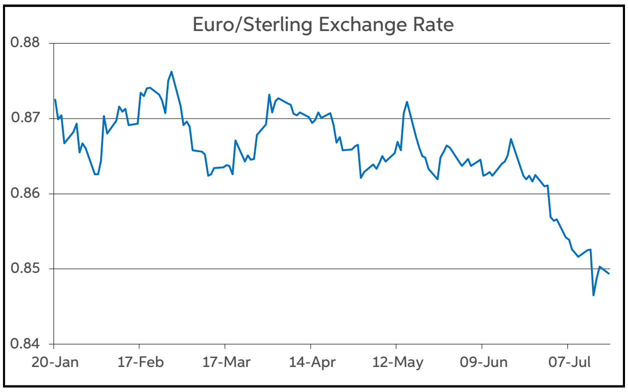
The newsflow last week continued to be dominated by the Middle East conflict with US-Iran tensions showing no signs of abating. While oil prices did experience some upward pressure, for much of the week this was relatively contained, with Brent Crude operating in a $84-86 per barrel range. However, the continuation of military strikes and reported incidents in the Strait of Hormuz over the weekend sees Brent Crude open this morning above $90 per barrel. Meanwhile, there was a cautious tone to risk appetite last week. By the close on Wall Street on Friday night, the S&P 500 index was 1.6% lower on the week.

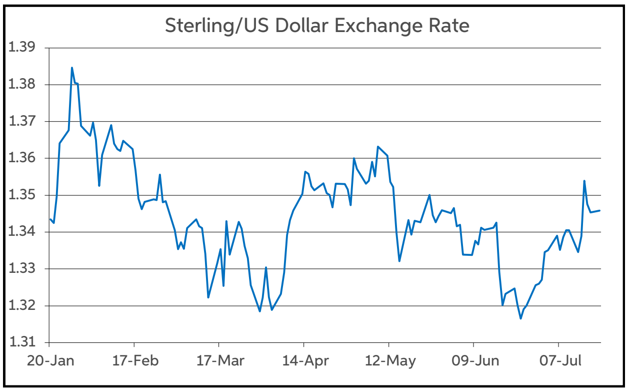
From a data viewpoint, the main release of note last week was US CPI inflation for June. Both the headline and core rates printed below expectations. In the immediate aftermath, this led to some softening in US rate expectations. This in turn also brought some downward pressure to bear on the dollar. At the same time, sterling experienced some upward momentum. Overall though, the extent of the FX moves was generally limited. However, we did see EUR/GBP fall to its lowest level since mid-2025, trading below 85p, to a trough of 84.5p, while GBP/USD briefly tested above $1.35. As trading gets underway this morning, EUR/GBP is at 84.9p. EUR/USD is in the lower half of $1.14-1.15, while GBP/USD is changing hands above the midpoint of $.134-1.35.

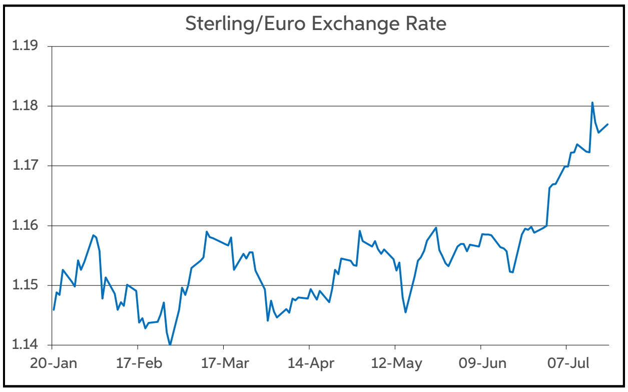
Ahead this week, the ECB meeting for July poses some event risk for the euro. While no rate change is anticipated, the market is pricing in a 25bps rate hike for September. Therefore, investors will be looking to the ECB communications to validate this pricing. Data-wise, the flash PMIs for June for the US, Eurozone and UK are due. There is a busy UK data diary which also includes labour market and CPI updates. Sterling watchers will also be paying attention to the appointment of a new Chancellor of the Exchequer.

John Fahey, Economist, AIB









Today's Opening FX Rates

		% Change Day *	% Change End 2025
EUR/USD	1.1436	0.01	-2.63
EUR/GBP	0.8494	-0.01	-2.54
GBP/USD	1.3458	0.01	-0.11
GBP/EUR	1.1767	0.01	2.60
USD/JPY	162.37	-0.02	3.65
EUR/JPY	185.72	-0.02	0.94

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates

	Base Rate	Money Market 1-Mth	Money Market 3-Mth	Swap Rates 1-Yr	Swap Rates 2-Yr	Swap Rates 5-Yr
USD	3.63	3.67	3.74	4.01	4.32	4.29
EUR	2.25	2.21	2.48	2.91	3.02	3.05
GBP	3.75	3.74	3.82	4.20	4.53	4.59

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

Opening Levels

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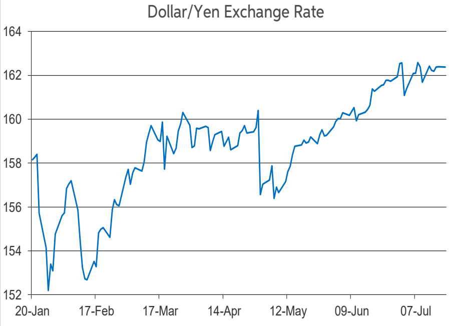
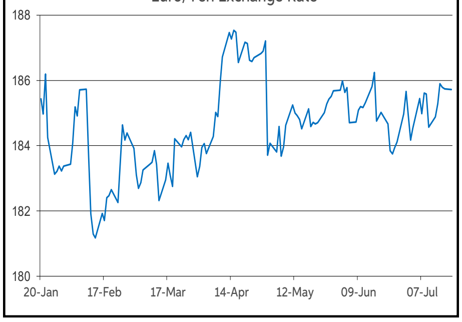
Euro		Sterling		Dollar	
EUR/GBP	0.8494	GBP/EUR	1.1767	USD/JPY	162.37
EUR/USD	1.1436	GBP/USD	1.3458	USD/CAD	1.4008
EUR/JPY	185.72	GBP/CAD	1.8854	USD/CHF	0.8071
EUR/SEK	11.0439	GBP/NZD	2.3004	USD/CNY	6.7724
EUR/DKK	7.4756	GBP/JPY	218.52	USD/BRL	5.1108
EUR/NOK	11.0159	GBP/SEK	12.9956	USD/RUB	78.6
EUR/CHF	0.9232	GBP/DKK	8.7962	USD/INR	96.5075
EUR/AUD	1.6364	GBP/NOK	12.952		
EUR/HKD	8.9661	GBP/CHF	1.0863	AUD/USD	0.6986
EUR/CAD	1.6021	GBP/AUD	1.9261	NZD/USD	0.5848

Dollar/Yen Exchange Rate

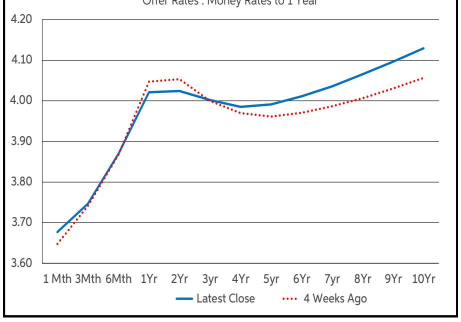


Euro/Yen Exchange Rate



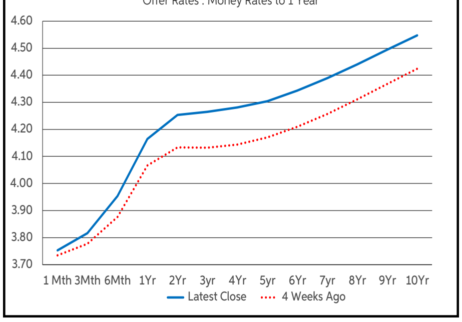
US Swap Curve

Offer Rates : Money Rates to 1 Year



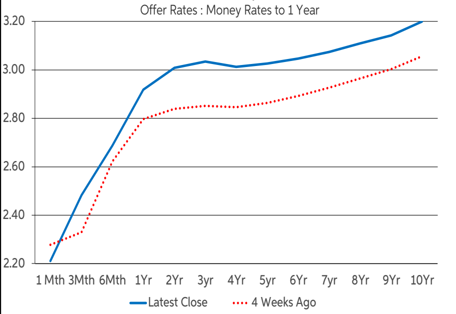
UK Swap Curve

Offer Rates : Money Rates to 1 Year

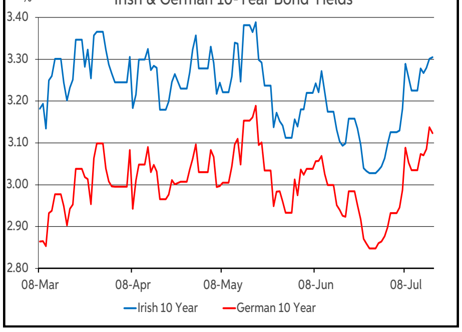


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps Day	Change bps 4 Weeks	Change bps End 25
10 Year Yield %				
US	4.54	-3	+9	+39
Germany	3.12	-1	+14	+26
UK	4.96	-1	+12	+48
Ireland	3.30	+0	+15	+28
Belgium	3.67	+0	+14	+33
France	3.93	+0	+19	+37
Italy	3.96	+1	+25	+44
Spain	3.59	-1	+14	+30
Portugal	3.49	-1	+13	+33
Greece	3.85	+1	+21	+37
5 Year Swap %				
US	4.26	+0	+4	+53
Eurozone	3.00	+1	+15	+44
UK	4.55	+2	+14	+65
2 Year Swap %				
US	4.27	+2	-4	+69
Eurozone	2.98	+2	+14	+72
UK	4.49	+3	+12	+76
10 Year Government Bond Spreads to Benchmark bps				
Ireland	18	+2	+1	+2
Belgium	55	+1	+0	+7
France	80	+1	+5	+11
Italy	83	+2	+11	+18
Spain	47	+1	-0	+4
Portugal	36	+1	-1	+7
Greece	72	+3	+7	+11

Commodities

	Close	% Change Day	% Change 4 Weeks	% Change End 25
Brent Oil	88.1	+4.59	+9.35	+44.78
West Texas Oil	83.43	+4.25	+3.83	+45.70
Gold $	4016.7	+1.18	-3.44	-6.89

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