

Hawkish Fed Chair Warsh boosts the dollar

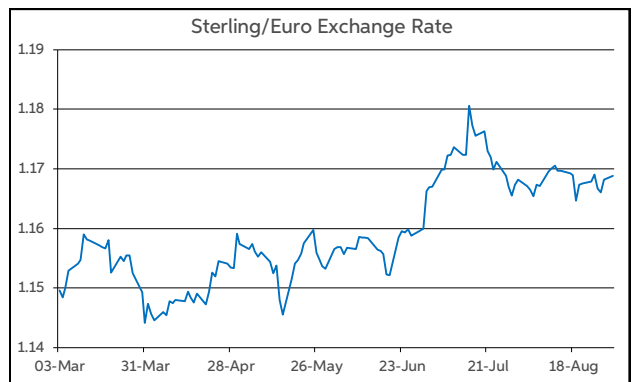
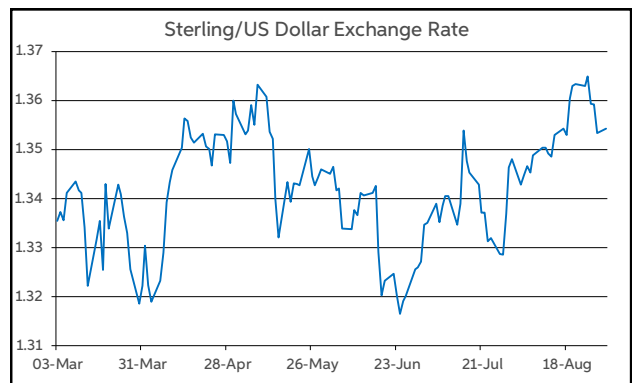
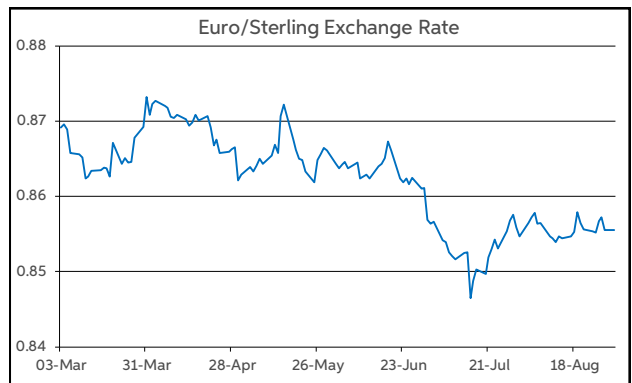
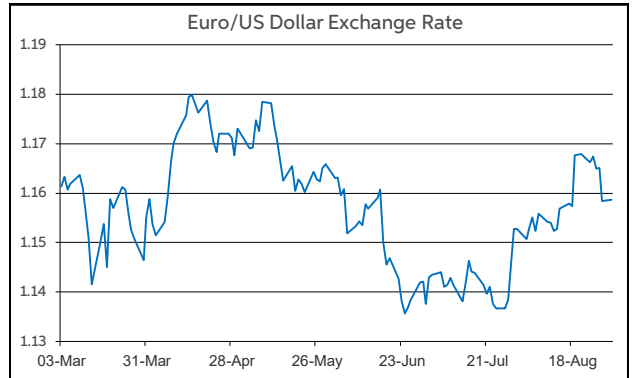
Trading conditions remained relatively calm for much of last week. Brent crude had declined by circa 4%, to below \$90 per barrel on Friday. However, Brent is currently just above \$90 per barrel this morning, amid military strikes between the US & Iran at the weekend. Meantime, equity markets edged higher on both sides of the Atlantic last week. The Euro Stoxx 50 gained 0.4%, while the S&P 500 rose by 0.5%. At the same time, the US Treasury yield curve flattened. The 2-year yield moved circa 10bps higher, while the 30-year yield fell by around 5bps.

The 2-year yield rose largely on the back of a firming in US market rate expectations. Market pricing now indicates that there is around a 60% chance that the Fed raises rates at its next meeting in September. This change in pricing occurred following notably hawkish remarks from Fed Chair Warsh in his keenly anticipated Jackson Hole speech last Friday. It should also be noted that other Fed officials speaking earlier in the week also sounded hawkish on the policy outlook.

Against this backdrop, the dollar was on the front foot last week. The greenback regained all of its losses from the week prior, rising by 0.6-0.8% against the euro, sterling and yen. In level terms, this sees EUR/USD start this week back below the \$1.16 threshold. USD/JPY is operating up near the ¥160 mark. Elsewhere, EUR/GBP remains at the midpoint of the 85-86p corridor.

Looking at the week ahead, the main release of note will be the US labour market report for August. In the Eurozone, the flash reading of HICP inflation for August, as well as retail sales and the unemployment rate for July will be released. Meantime, the UK data calendar is quiet, albeit a speech from BoE Governor Bailey on Friday may garner some interest.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2025
EUR/USD	1.1587	-0.50	-1.35
EUR/GBP	0.8555	-0.16	-1.84
GBP/USD	1.3543	-0.32	0.52
GBP/EUR	1.1685	0.16	1.87
USD/JPY	159.86	0.24	2.05
EUR/JPY	185.26	-0.26	0.69

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	3.63	3.71	3.81	4.13	4.45	4.46
EUR	2.25	2.29	2.57	2.98	3.11	3.18
GBP	3.75	3.74	3.80	4.17	4.54	4.65

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
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Opening Levels

Monday 31 August 2026
07:43 am



Euro

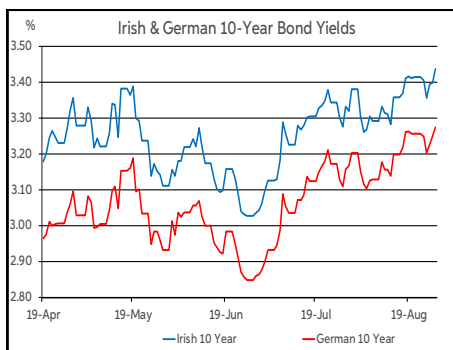
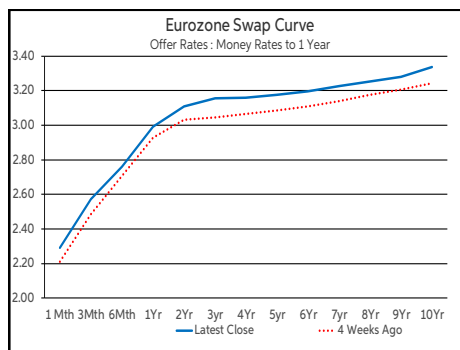
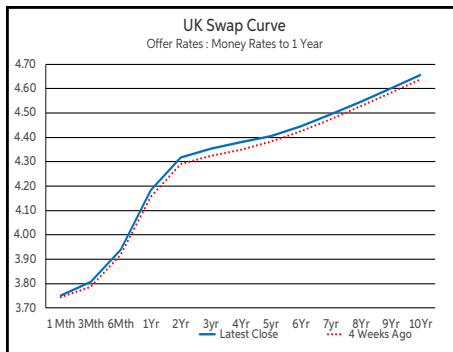
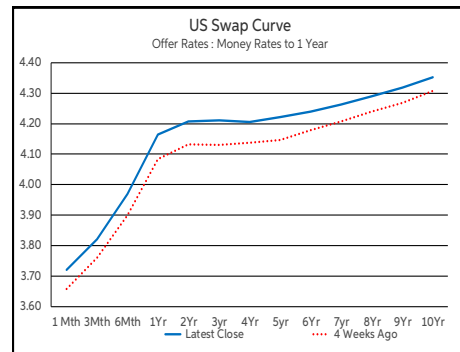
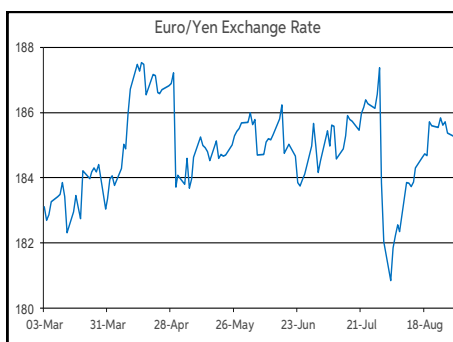
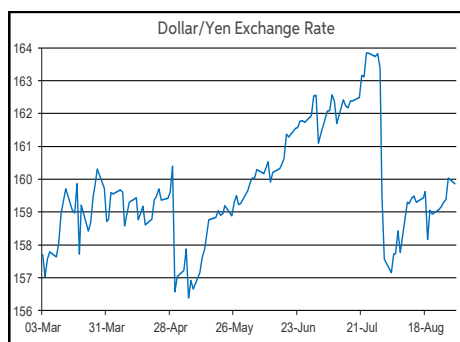
EUR/GBP	0.8555
EUR/USD	1.1587
EUR/JPY	185.26
EUR/SEK	11.1375
EUR/DKK	7.4753
EUR/NOK	10.8518
EUR/CHF	0.9372
EUR/AUD	1.618
EUR/HKD	9.0826
EUR/CAD	1.6103

Sterling

GBP/EUR	1.1685
GBP/USD	1.3543
GBP/CAD	1.8815
GBP/NZD	2.2888
GBP/JPY	216.5
GBP/SEK	13.0171
GBP/DKK	8.7367
GBP/NOK	12.6815
GBP/CHF	1.0953
GBP/AUD	1.8905

Dollar

USD/JPY	159.86
USD/CAD	1.3894
USD/CHF	0.8088
USD/CNY	6.7199
USD/BRL	5.1841
USD/RUB	86.7
USD/INR	95.4
AUD/USD	0.7161
NZD/USD	0.5914



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 25
10 Year Yield %				
US	4.72	+5	-2	+57
Germany	3.27	+2	+7	+41
UK	5.07	+4	+2	+60
Ireland	3.44	+4	+6	+41
Belgium	3.82	+3	+7	+48
France	4.13	+3	+13	+57
Italy	4.11	+4	+8	+60
Spain	3.73	+3	+8	+44
Portugal	3.64	+2	+9	+48
Greece	3.92	-1	+2	+44
5 Year Swap %				
US	4.47	+9	+4	+74
Eurozone	3.15	+3	+7	+59
UK	4.65	+5	+4	+75
2 Year Swap %				
US	4.46	+12	+7	+88
Eurozone	3.10	+4	+7	+84
UK	4.54	+5	+3	+81
10 Year Government Bond Spreads to Benchmark bps				
Ireland	16	+2	-1	-0
Belgium	55	+0	+0	+7
France	85	+0	+6	+16
Italy	84	+2	+1	+19
Spain	46	+1	+1	+3
Portugal	37	+0	+2	+7
Greece	64	-3	-5	+3

Commodities				
	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	89.31	-0.43	-0.90	+46.77
West Texas Oil	84.57	-0.28	-1.85	+47.69
Gold \$	4452.7	-3.22	+10.19	+3.21

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