

ECB hikes rates by 25bps

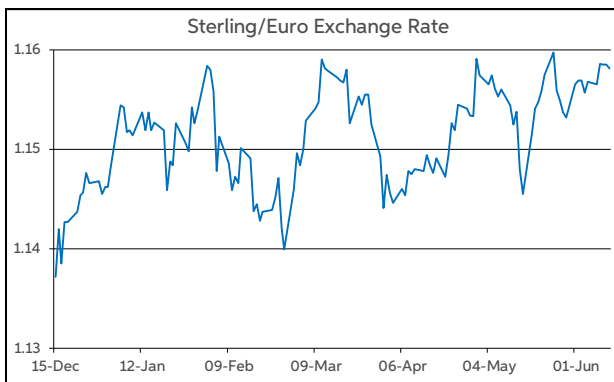
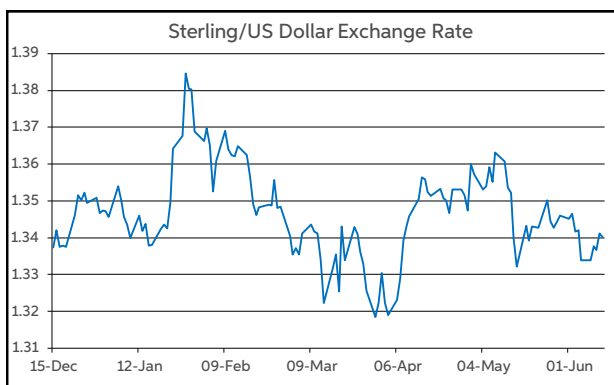
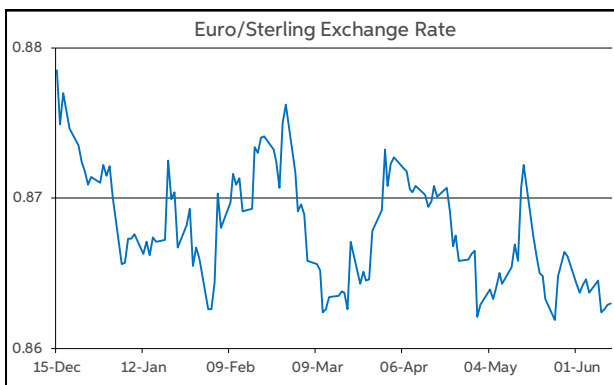
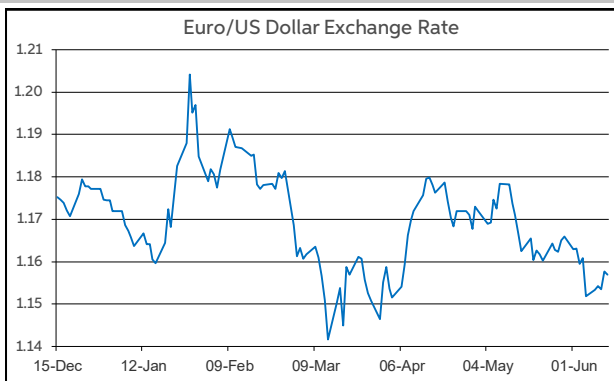
The ECB hiked rates by 25bps yesterday. The decision was in line with market expectations, and it marked the first rate hike since September 2023. At the same time, the central bank revised up its forecasts for near-term inflation and revised down (albeit modestly) its projections for growth. At the press conference, President Lagarde stressed that the Governing Council will take a “meeting-by-meeting” approach to setting policy, but indicated that further rate hikes are likely. Overall, the market reaction to the meeting was muted. Current futures pricing suggests the market expects the ECB to hike rates in September, and potentially in December as well.

Elsewhere on markets, investor sentiment was holding a cautious tone. Both the Euro Stoxx 50 and the S&P 500 edged 0.1% higher yesterday. Meantime, Brent crude prices continued to rise yesterday, amid the recent re-escalation in military conflict between the US and Iran. However, it fell sharply overnight, as US President Trump claimed that both sides have reached an agreement on a deal. Brent crude is currently back below \$89 per barrel.

Currency-wise, the main pairs continued to change hands within very narrow trading ranges. Of the limited moves to note, the dollar has softened slightly overnight. This sees EUR/USD open this morning in the top half of \$1.15-1.16. GBP/USD is up at the \$1.34 mark. EUR/GBP remains in the lower half of 86-87p.

Already this morning, the monthly reading of UK GDP for April has been released. GDP contracted by 0.1% in the month, in line with the consensus. Meantime, industrial production stagnated in the April, which is broadly in line with expectations. The remainder of today's macro calendar is relatively sparse. The main highlight will be the preliminary reading of the Michigan measure of US consumer sentiment. Elsewhere, investors will be keeping an eye on developments in the Middle East.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2025
EUR/USD	1.157	0.19	-1.49
EUR/GBP	0.863	0.03	-0.98
GBP/USD	1.3401	0.14	-0.53
GBP/EUR	1.1581	-0.03	0.98
USD/JPY	160.31	-0.11	2.34
EUR/JPY	185.5	0.08	0.82

* 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	3.61	3.65	3.87	4.21	4.19
EUR	2.25	2.09	2.40	2.78	2.82	2.85
GBP	3.75	3.73	3.80	4.09	4.39	4.45

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

Friday 12 June 2026
08:00 am



Euro

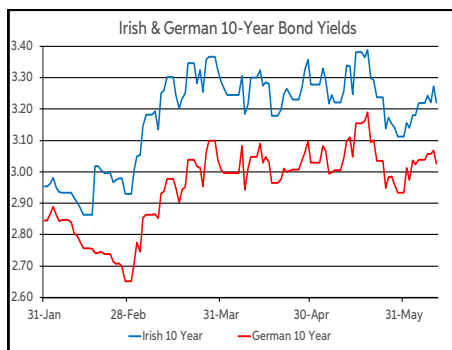
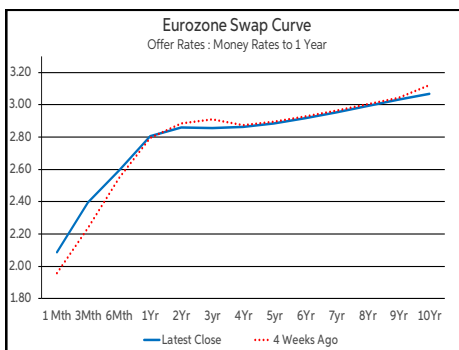
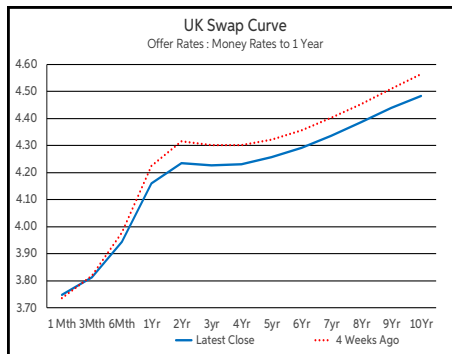
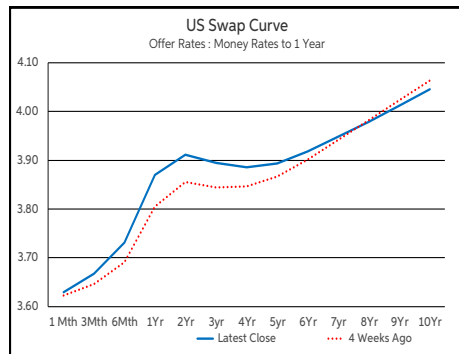
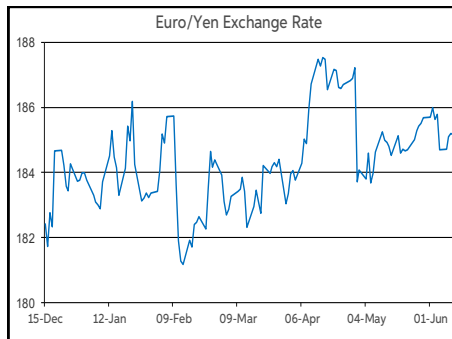
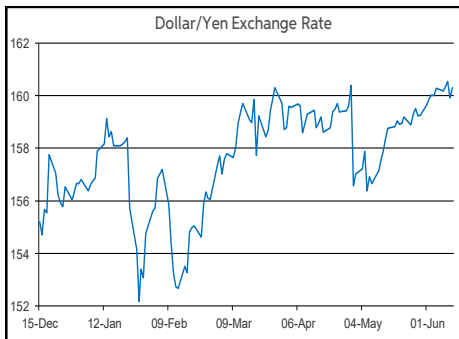
EUR/GBP	0.863
EUR/USD	1.157
EUR/JPY	185.5
EUR/SEK	10.9422
EUR/DKK	7.4738
EUR/NOK	11.0011
EUR/CHF	0.9212
EUR/AUD	1.645
EUR/HKD	9.0665
EUR/CAD	1.6168

Sterling

GBP/EUR	1.1581
GBP/USD	1.3401
GBP/CAD	1.8729
GBP/NZD	2.3026
GBP/JPY	214.83
GBP/SEK	12.6753
GBP/DKK	8.6557
GBP/NOK	12.7404
GBP/CHF	1.0671
GBP/AUD	1.9056

Dollar

USD/JPY	160.31
USD/CAD	1.3976
USD/CHF	0.7962
USD/CNY	6.7628
USD/BRL	5.1003
USD/RUB	72.55
USD/INR	95.375
AUD/USD	0.7032
NZD/USD	0.5818



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 25
10 Year Yield %				
US	4.47	-8	+1	+31
Germany	3.03	-4	-2	+16
UK	4.91	-3	-9	+44
5 Year Swap %				
US	4.16	-9	+3	+44
Eurozone	2.88	-4	+0	+32
UK	4.49	-3	-8	+60
2 Year Swap %				
US	4.18	-8	+6	+61
Eurozone	2.85	-2	-3	+60
UK	4.47	-1	-9	+74
10 Year Government Bond Spreads to Benchmark bps				
Ireland	20	-1	-0	+3
Belgium	56	+1	+2	+8
France	66	+0	-10	-3
Italy	78	+0	+4	+13
Spain	45	+0	+3	+2
Portugal	40	+1	+3	+10
Greece	71	-1	+3	+9

Commodities				
	Close	% Change		
		Day	4 Weeks	End 25
Brent Oil	90.38	-2.92	-14.51	+48.53
West Texas Oil	91.58	-2.24	-12.50	+59.94
Gold \$	4213.8	+3.45	-9.37	-2.32

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.