

US labour market report in focus

There was a risk averse tone to investor sentiment yesterday, amid choppy trading conditions. Oil prices rose and sovereign bond yields initially continued to climb higher, before ending the day lower. Against this backdrop, the Euro Stoxx 50 shed 1.3%. Meantime on Wall Street, the S&P 500 rallied into the close to register a slight 0.2% gain.

Brent crude prices increased by circa 3% to north of \$101 per barrel amid reports that Chinese refineries had suspended exports due to concerns of falling diesel inventories. Meanwhile, 10 and 30 year US Treasury yields reached their highest level since 2002. Similarly, 30-year UK Gilt yields topped 6% for the first time since 1998. In the Eurozone, the spread between German and French 10-year yields widened further to circa 140bps. The move coincided with the French government releasing its draft Budget proposal for 2027, showing it plans to run a deficit of 5.4% next year. However, yields declined across the board following a softening in market rate expectations late on. Market pricing now indicates it is unlikely that the Fed or ECB will hike rates in October/November.

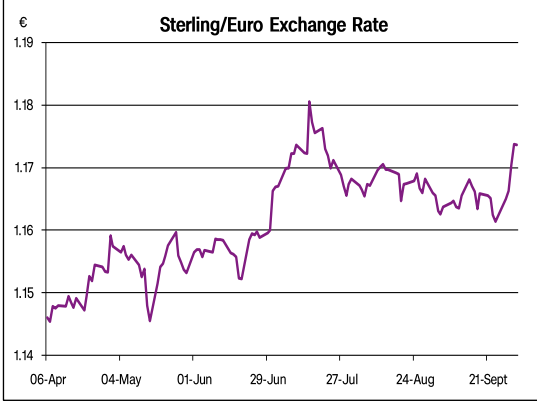
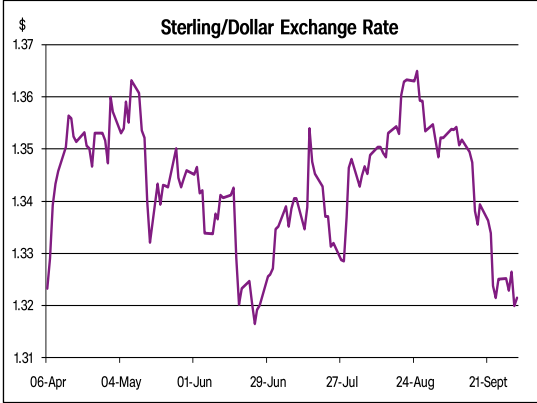
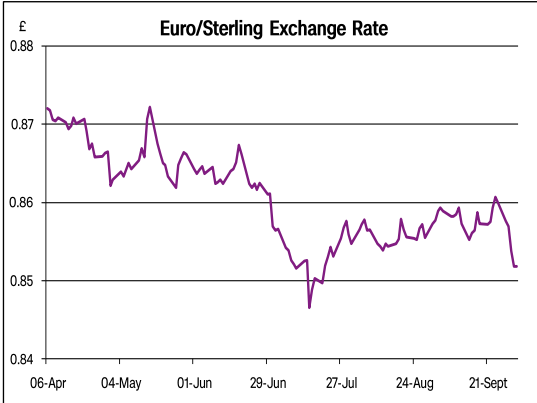
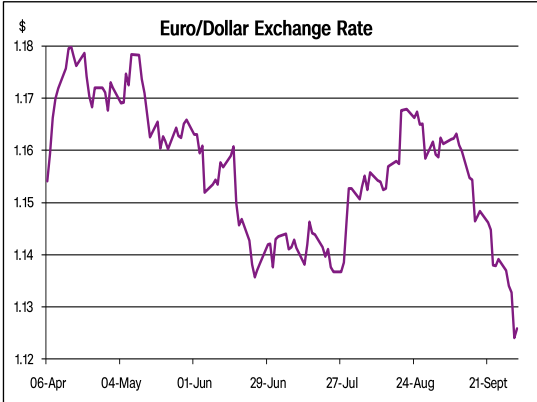
On the currency front, traditional safe havens such as the yen and Swiss franc were in the ascendancy yesterday. The dollar also benefitted from the weaker tone to risk appetite, and it was boosted by the rise in oil prices. At the same time, the euro was on the defensive. In level terms, this sees EUR/USD open today at the midpoint of the \$1.12-1.13 range, having recorded a new year-to-date low of \$1.1215 yesterday. EUR/GBP is back near the 85p mark. GBP/USD is just above \$1.32. USD/JPY is changing hands in the top half of the ¥157-158 band.

Turning to the day ahead, the US labour market report for September is due. Payrolls are forecast to rise by 90k in the month. In the Eurozone, the flash reading of HICP inflation for September will feature. The headline rate is projected to rise to 3.6% from 3.2%. The data pose some event risk for the key EUR/USD pair.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates			
		% Change	
		Day *	End 2025
EUR/USD	1.1257	-0.54	-4.15
EUR/GBP	0.8519	-0.27	-2.25
GBP/USD	1.3212	-0.28	-1.94
GBP/EUR	1.1734	+0.27	2.30
USD/JPY	157.80	-0.30	0.73
EUR/JPY	177.65	-0.84	-3.45
* 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	3.88	3.90	4.02	4.45	4.90	4.99
EUR	2.50	2.50	2.62	3.28	3.42	3.53
GBP	3.75	3.73	3.89	4.37	4.80	4.92



Today's Opening Rates

Euro

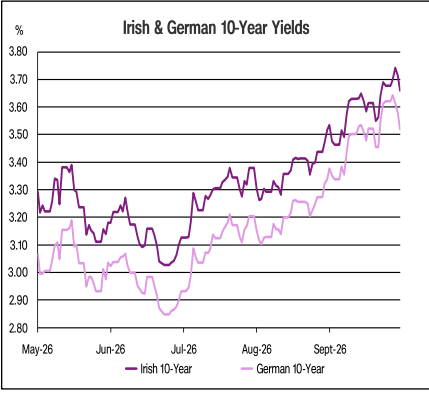
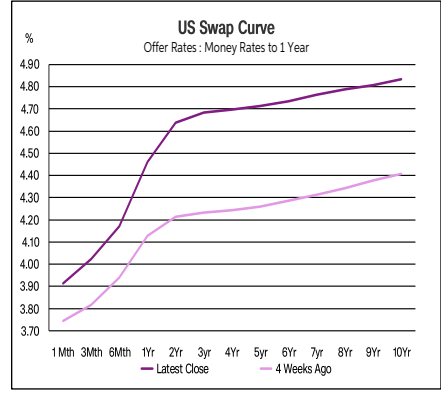
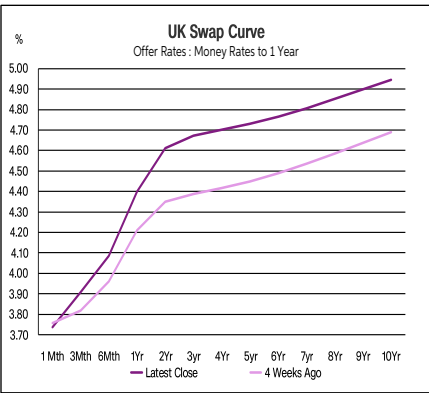
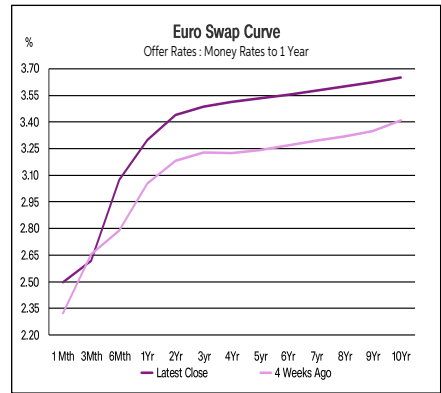
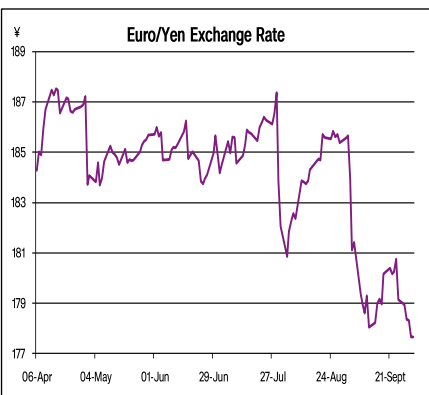
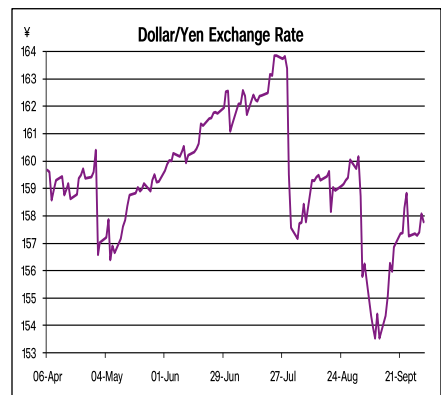
EUR/GBP	0.8518
EUR/USD	1.1255
EUR/JPY	177.64
EUR/SEK	11.2951
EUR/DKK	7.475
EUR/NOK	10.8388
EUR/CHF	0.9336
EUR/AUD	1.6225
EUR/HKD	8.8309
EUR/CAD	1.6006

Sterling

GBP/EUR	1.1736
GBP/USD	1.3213
GBP/CAD	1.8787
GBP/NZD	2.3537
GBP/JPY	208.51
GBP/SEK	13.2559
GBP/DKK	8.7726
GBP/NOK	12.7204
GBP/CHF	1.0958
GBP/AUD	1.9044

Dollar

USD/JPY	157.8
USD/CAD	1.4219
USD/CHF	0.8294
USD/CNY	6.7045
USD/BRL	5.2273
USD/RUB	83.5000
USD/INR	96.31
AUD/USD	0.6936
NZD/USD	0.5611



Debt Markets

		Change bps		
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	5.23	-6	+47	+108
Germany	3.52	-6	+17	+66
UK	5.40	-3	+26	+93
Ireland	3.66	-5	+18	+63
Belgium	4.41	+5	+52	+107
France	4.92	+6	+72	+136
Italy	4.71	+7	+53	+120
Spain	4.15	+0	+36	+86
Portugal	4.05	+3	+35	+90
Greece	4.54	+9	+50	+106

5 Year Swap %				
US	4.97	-11	+46	+124
Eurozone	3.53	-5	+29	+97
UK	4.93	-8	+26	+103

2 Year Swap %				
US	4.89	-11	+42	+132
Eurozone	3.43	-10	+26	+117
UK	4.80	-11	+24	+107

10 Year Government Bond Spreads to Benchmark bps				
Ireland	14	+0	+1	-3
Belgium	89	+10	+10	+35
France	140	+12	+12	+55
Italy	119	+13	+13	+36
Spain	63	+6	+6	+19
Portugal	53	+9	+18	+24
Greece	102	+15	+33	+33

Commodities

	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	102.31	-1.18	+7.11	+68.13
West Texas Oil	99.77	+2.67	+7.80	+74.24
Gold \$	4177.8	+0.52	-6.60	-3.16

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