

Sterling on a high ahead of busy UK data calendar

Following a relatively quiet start, trading conditions were somewhat choppy in the second half of last week. Concerns regarding high valuations for AI companies and broadening inflationary pressures in the US provided an unhelpful backdrop for risk appetite. At the same time, an increase in oil and gas prices, as well as ongoing fiscal/political uncertainty in France also weighed on investor sentiment. Brent crude and benchmark European natural gas prices rose by circa 3.5% and 6.0% on the week, to \$107/bbl and €88/MWh. Meanwhile on equity markets, the Euro Stoxx 50 rebounded sharply on Friday to register a 0.5% weekly gain. In contrast, the S&P 500 shed 1.9%, led lower by a fall in tech-stocks.

Elsewhere, US rate expectations were somewhat volatile. Following a hotter CPI inflation report than anticipated for September, interest rate futures firmed markedly, before softening later in the week as AI-related concerns emerged. Against this backdrop, US Treasury yields declined by 5-20bps last week, with the most pronounced move occurring at the long-end of the curve. UK Gilt and German Bund yields fell by a more muted 5-10bps. Meantime, spreads between 10-year German and periphery yields narrowed by 5-10bps last week, but the gap to French 10-year yields remained unchanged, at around 140bps.

On currency markets, all of the above resulted in wider trading ranges for the main pairs. Overall, the dollar depreciated slightly, while sterling was somewhat firmer. In level terms, this sees EUR/USD open today in the lower half of \$1.12-1.13, having operated between \$1.111-1.127 last week. EUR/GBP is back in the lower half of the 84-85p band. Meantime GBP/USD is changing hands up in the \$1.33-1.34 corridor.

Looking ahead, developments regarding the AI-sector, French fiscal policy and the war in the Middle East will remain front and centre this week. On the data front, the flash PMIs for October, as well as a busy slate of UK releases, including labour market, inflation and retail sales figures are due.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates

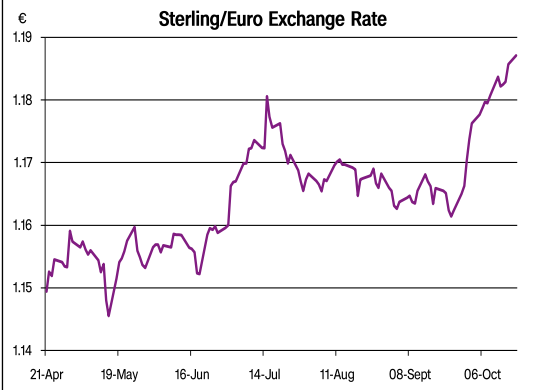
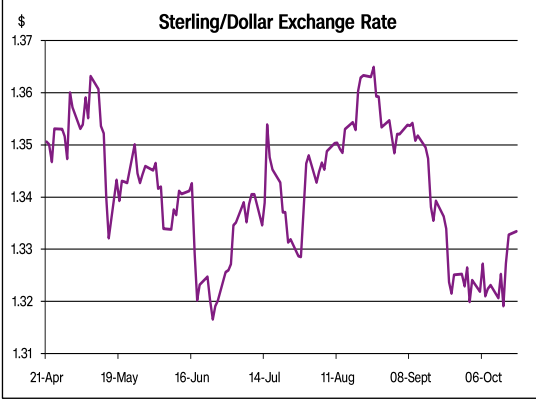
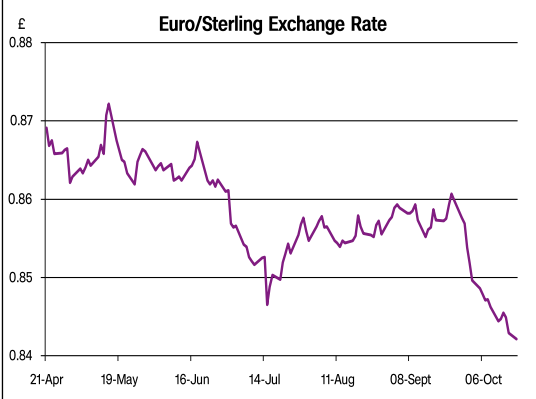
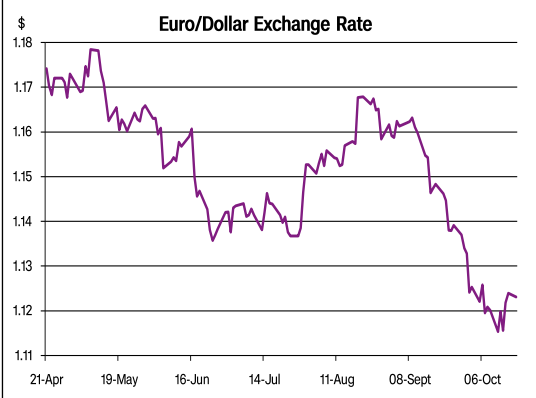
		% Change	
		Day *	End 2025
EUR/USD	1.1227	-0.01	-4.41
EUR/GBP	0.8420	-0.23	-3.38
GBP/USD	1.3330	+0.21	-1.06
GBP/EUR	1.1871	+0.23	3.50
USD/JPY	158.08	+0.16	0.91
EUR/JPY	177.50	+0.16	-3.53

* 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	3.92	4.04	4.46	4.85	4.87
EUR	2.50	2.43	2.64	3.24	3.39	3.47
GBP	3.75	3.81	3.96	4.49	4.90	4.98



Today's Opening Rates

Euro

EUR/GBP	0.8421
EUR/USD	1.1227
EUR/JPY	177.5
EUR/SEK	11.1265
EUR/DKK	7.4748
EUR/NOK	10.5814
EUR/CHF	0.9256
EUR/AUD	1.6098
EUR/HKD	8.8105
EUR/CAD	1.5853

Sterling

GBP/EUR	1.1871
GBP/USD	1.3329
GBP/CAD	1.8821
GBP/NZD	2.3553
GBP/JPY	210.7
GBP/SEK	13.2082
GBP/DKK	8.8719
GBP/NOK	12.5612
GBP/CHF	1.0988
GBP/AUD	1.9108

Dollar

USD/JPY	158.08
USD/CAD	1.4123
USD/CHF	0.8244
USD/CNY	6.6809
USD/BRL	5.0648
USD/RUB	83.2564
USD/INR	94.7875
AUD/USD	0.6973
NZD/USD	0.5656

Dollar/Yen Exchange Rate

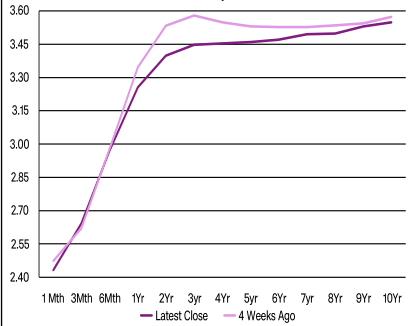


Euro/Yen Exchange Rate



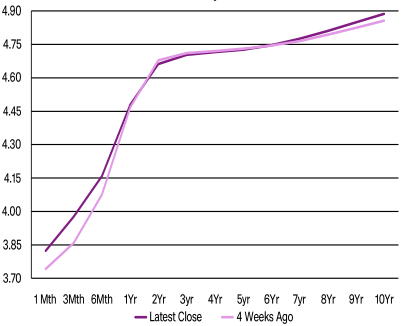
Euro Swap Curve

Offer Rates : Money Rates to 1 Year



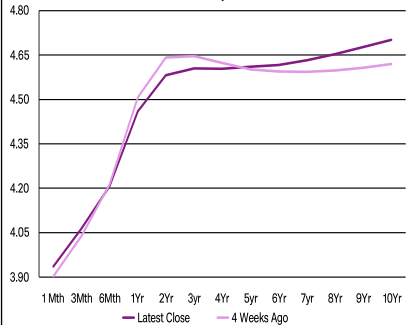
UK Swap Curve

Offer Rates : Money Rates to 1 Year

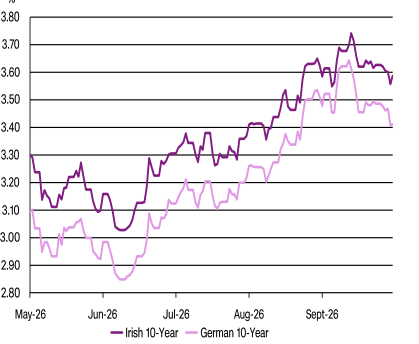


US Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Yields



Debt Markets

		Change bps		
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	5.10	+1	+10	+95
Germany	3.41	+0	-11	+55
UK	5.38	+0	+8	+90
Ireland	3.59	+3	-3	+56
Belgium	4.25	-1	+8	+91
France	4.78	-1	+22	+122
Italy	4.48	-1	+4	+97
Spain	4.01	-0	+2	+72
Portugal	3.87	-1	-3	+71
Greece	4.33	+5	+4	+85
5 Year Swap %				
US	4.85	-2	-0	+113
Eurozone	3.46	+3	-7	+89
UK	5.00	+8	+6	+110
2 Year Swap %				
US	4.81	-5	-7	+124
Eurozone	3.39	+2	-14	+114
UK	4.93	+7	+7	+120
10 Year Government Bond Spreads to Benchmark bps				
Ireland	18	+3	+8	+1
Belgium	84	-1	-1	+19
France	137	-1	-1	+33
Italy	107	-1	-1	+15
Spain	60	-1	-1	+13
Portugal	46	-1	+8	+16
Greece	91	+5	+15	+15

Commodities

	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	109.86	+3.72	+5.77	+80.54
West Texas Oil	108.21	+3.34	+6.67	+88.98
Gold \$	4165.0	-0.13	-4.84	-3.46

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