Morning Comment

AIB Treasury Economic Research Unit

Flash PMIs due today

There was a risk-off tone to investor sentiment yesterday. Ongoing themes, such as recent market jitters regarding AI investment, elevated energy prices and concerns regarding the French fiscal position remained to the fore. Against this backdrop, the Euro Stoxx 50 fell by 1.9% yesterday, while the S&P 500 shed 1.2%. Meantime, Brent crude oil rose further, to $114 per barrel, while European natural gas prices moved above €92 per MW/h.

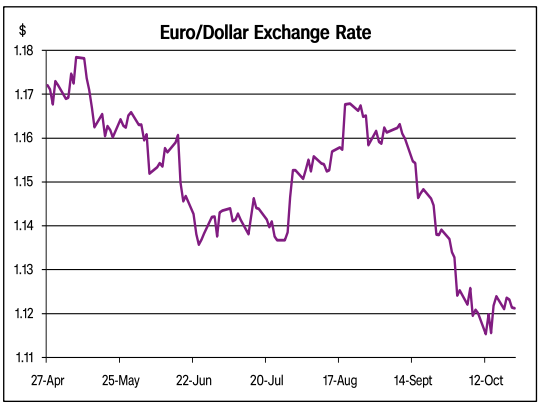
On bond markets, German Bund and US Treasury yields declined by 7-12bps along the curve yesterday. The move coincided with a modest softening in ECB and Fed market rate expectations. A rate hike is no longer fully priced-in from either before year-end. In contrast, UK Gilt yields fell by 2-8bps, led lower by the back-end of the curve. At the same time, French yields continued to rise. As a result, the spread between French and German 10-year yields widened further, to circa 175bps.

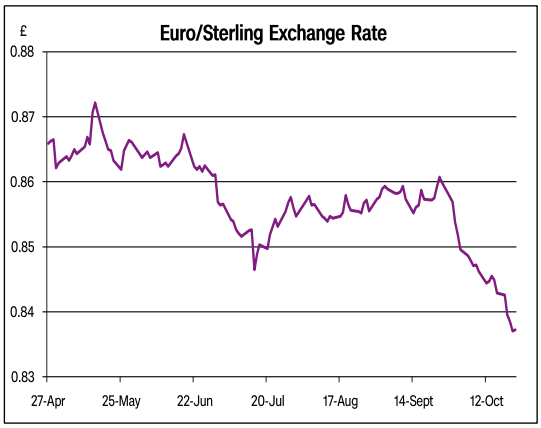
On the currency front, the euro was on the defensive amid the risk averse tone on markets. The rise in French yields, increase in energy prices and the softening in market rate expectations provided an unhelpful backdrop for the single currency.

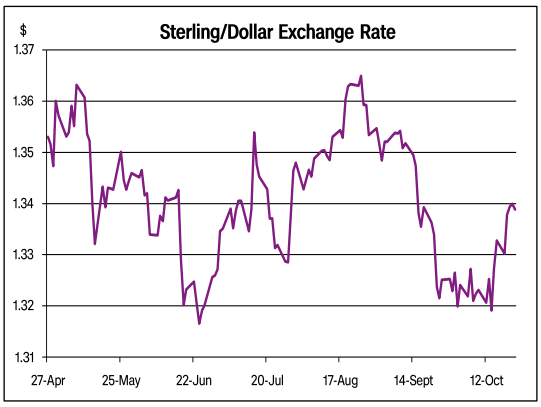
In level terms, EUR/USD opens today back nearer to the $1.12 threshold. Meantime, GBP/USD is operating in the top half of the $1.33-1.34 corridor. USD/JPY is changing hands down at the ¥157 handle. EUR/GBP continues to trade in the upper half of the 83-84p corridor.

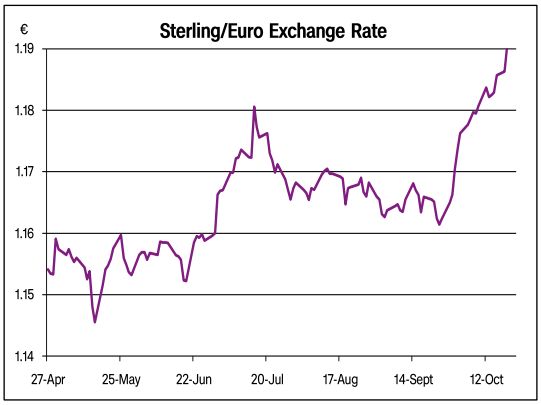
Already this morning, UK retail sales data for September have been released. Sales fell by more than anticipated in the month (-0.7% vs. -0.4% f'cast). However, the release has not impacted sterling so far in early trading. Later today, the October reading of the flash PMIs for the main advanced economies will be released. Meanwhile, investors will also be keeping a close eye on any AI related newsflow, and on developments in the Middle East.

Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1211	-0.28	-4.55
EUR/GBP	0.8373	-0.21	-3.92
GBP/USD	1.3388	-0.07	-0.63
GBP/EUR	1.194	+0.21	4.08
USD/JPY	157.08	-0.39	0.27
EUR/JPY	176.12	-0.67	-4.28

* 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	4.05	4.42	4.81	4.79
EUR	2.50	2.43	2.67	3.26	3.41	3.44
GBP	3.75	3.87	3.99	4.53	4.95	4.98

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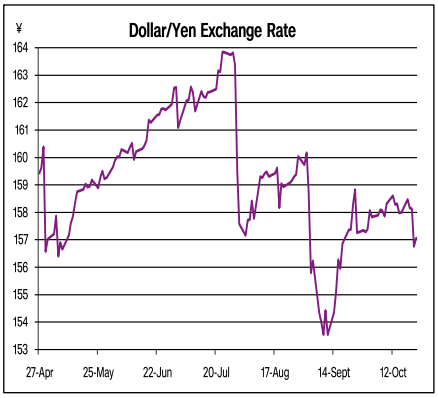
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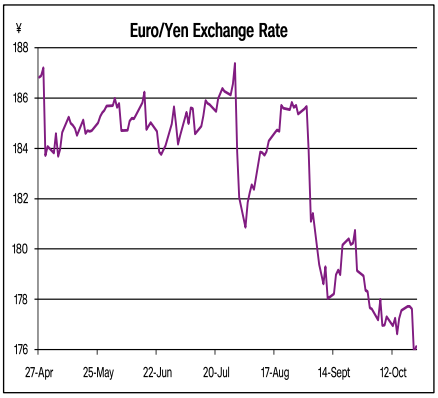
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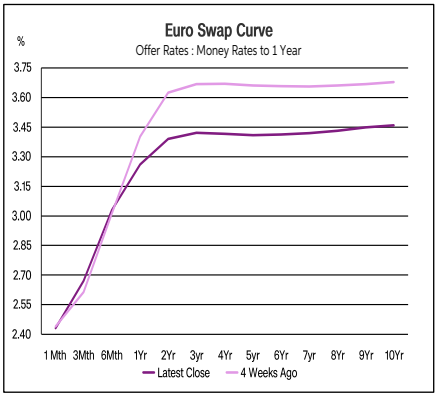
Opening Levels

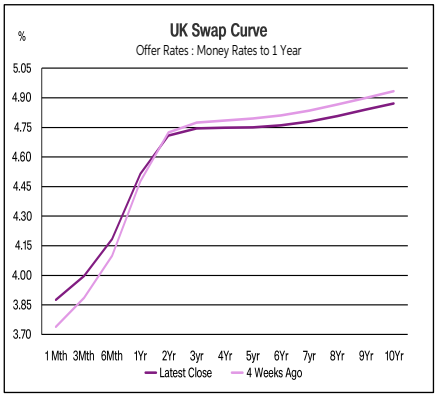
Today's Opening Rates

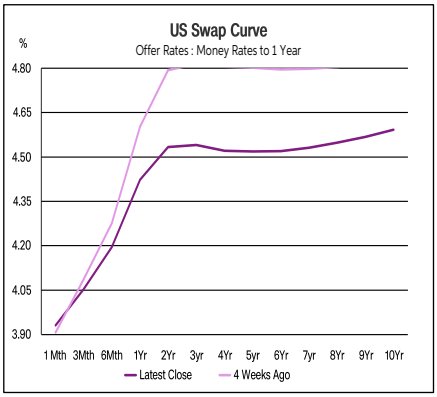
Euro		Sterling		Dollar	
EUR/GBP	0.8375	GBP/EUR	1.1937	USD/JPY	157.05
EUR/USD	1.121	GBP/USD	1.338	USD/CAD	1.4013
EUR/JPY	176.07	GBP/CAD	1.875	USD/CHF	0.8226
EUR/SEK	11.1162	GBP/NZD	2.3513	USD/CNY	6.6721
EUR/DKK	7.4743	GBP/JPY	210.16	USD/BRL	5.0526
EUR/NOK	10.4532	GBP/SEK	13.2684	USD/RUB	81.0000
EUR/CHF	0.9222	GBP/DKK	8.9215	USD/INR	94.92
EUR/AUD	1.5963	GBP/NOK	12.4821		
EUR/HKD	8.7878	GBP/CHF	1.101	AUD/USD	0.7020
EUR/CAD	1.571	GBP/AUD	1.9056	NZD/USD	0.5688

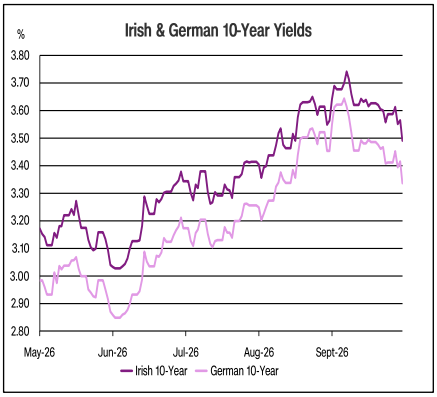












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	4.95	-19	-21	+80
Germany	3.34	-8	-27	+47
UK	5.34	-4	-4	+87
Ireland	3.49	-7	-20	+46
Belgium	4.45	+2	+20	+110
France	5.08	+7	+38	+152
Italy	4.60	+1	+5	+109
Spain	4.05	-3	-2	+76
Portugal	3.92	-1	-8	+76
Greece	4.42	+3	+3	+94
5 Year Swap %				
US	4.75	-18	-29	+102
Eurozone	3.41	-7	-24	+84
UK	5.00	+0	+3	+110
2 Year Swap %				
US	4.75	-16	-29	+117
Eurozone	3.39	-6	-22	+113
UK	4.95	+0	+7	+122
10 Year Government Bond Spreads to Benchmark bps				
Ireland	15	+0	+8	-1
Belgium	111	+10	+10	+47
France	175	+15	+15	+66
Italy	127	+9	+9	+33
Spain	72	+5	+5	+25
Portugal	59	+7	+20	+29
Greece	109	+11	+30	+30

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	113.17	+4.00	+6.16	+85.98
West Texas Oil	104.27	+0.31	+8.75	+82.10
Gold $	4024.0	-2.81	-5.94	-6.73

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