Thursday 29 October 2026
07:08 am

Morning Comment

AIB Treasury Economic Research Unit

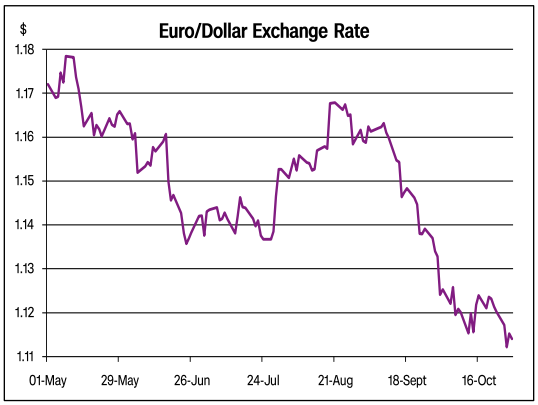
Monetary policy focus switches to the ECB today

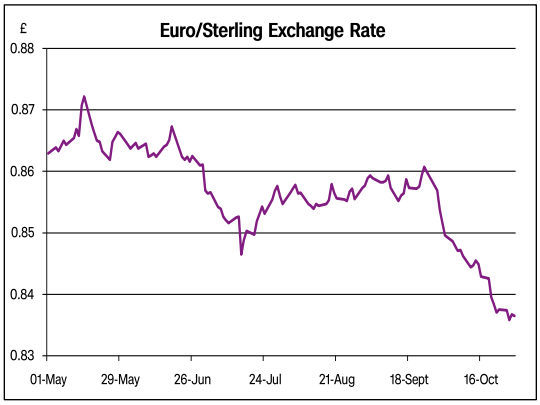
The main focus for markets yesterday was the US Fed meeting. As widely anticipated, the Fed left its key interest rate unchanged in a 3.75-4.00% range. The statement referenced that an "accumulation of more information" would help the FOMC decide on the appropriate stance of its policy setting to achieve its 2% inflation target. This implies that by its next meeting in early December, the Fed should have sufficient macro updates to assess the case for another rate hike. The market is attaching around an 85% probability to a December hike. In the press conference, once again, Fed Chair Warsh refrained from providing any definitive signals on the future path of interest rates. However, he did mention that one of the eight meetings scheduled for 2027 and two of eight for 2028 would not be policy-setting/voting FOMC's and would instead focus on strategy.

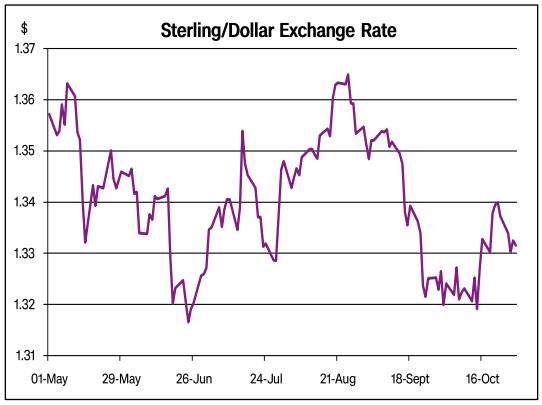
This reduces the number of 'live' meetings for rate changes and this news did coincide with some modest downward pressure on the dollar. Overall, though, the action among the FX majors was generally confined to narrow ranges yesterday. The EUR/USD pair opens this morning at $1.114, with GBP/USD back above the $1.33 threshold. From a sterling perspective, yesterday's Budget contained no surprises and therefore was not a needle-mover for the pound. This is reflected in EUR/GBP remaining in a tight range near its YTD low of 83.6p over the past 24 hours.

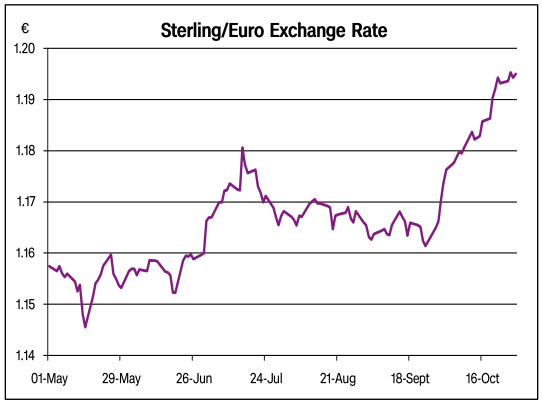
Ahead today, the monetary policy focus will shift to the ECB meeting. At its previous meeting in September, the central bank increased rates by 25bps, representing its second rate rise this year. Today's meeting outcome is expected to see the Deposit rate left unchanged at 2.50%. However, the market is attaching around a 75% probability to a rate hike at its last meeting of the year in mid-December. Therefore, today's meeting statement and President Lagarde's press conference will be closely assessed for signs to validate this rate hike view.

John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1140	+0.20	-5.15
EUR/GBP	0.8365	+0.00	-4.02
GBP/USD	1.3315	+0.20	-1.17
GBP/EUR	1.1951	+0.00	4.18
USD/JPY	157.87	+0.04	0.78
EUR/JPY	175.87	+0.23	-4.41

* 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	4.04	4.44	4.82	4.81
EUR	2.50	2.44	2.62	3.23	3.39	3.41
GBP	3.75	3.93	4.02	4.54	5.01	5.01

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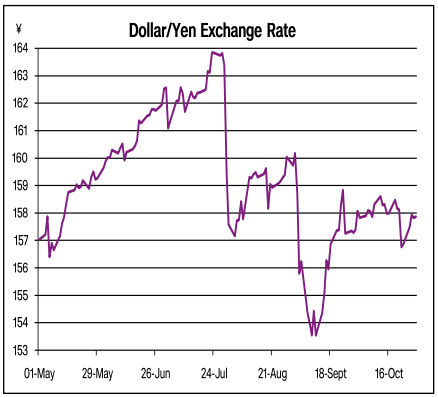
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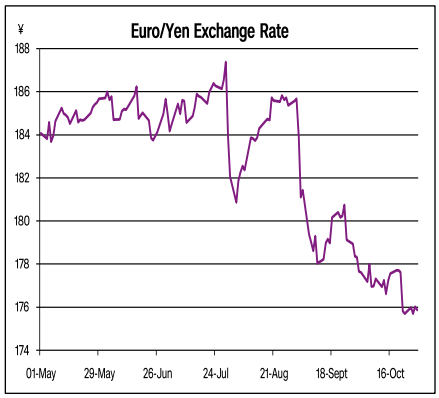
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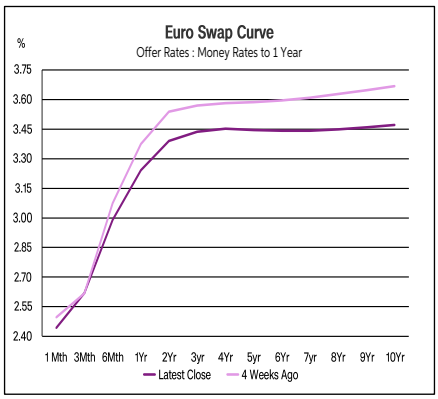
Opening Levels

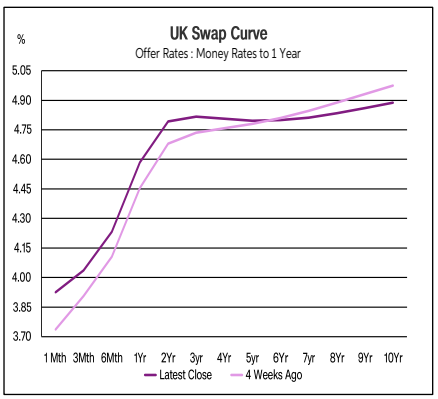
Today's Opening Rates

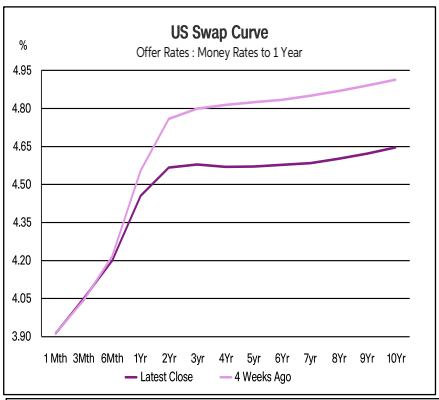
Euro		Sterling		Dollar	
EUR/GBP	0.8365	GBP/EUR	1.1951	USD/JPY	157.87
EUR/USD	1.114	GBP/USD	1.3315	USD/CAD	1.3993
EUR/JPY	175.87	GBP/CAD	1.8627	USD/CHF	0.8282
EUR/SEK	11.0398	GBP/NZD	2.3696	USD/CNY	6.6609
EUR/DKK	7.4731	GBP/JPY	210.2	USD/BRL	5.3464
EUR/NOK	10.3144	GBP/SEK	13.193	USD/RUB	80.1677
EUR/CHF	0.9228	GBP/DKK	8.9307	USD/INR	95.35
EUR/AUD	1.5808	GBP/NOK	12.3261		
EUR/HKD	8.7404	GBP/CHF	1.1027	AUD/USD	0.7045
EUR/CAD	1.5584	GBP/AUD	1.8894	NZD/USD	0.5616

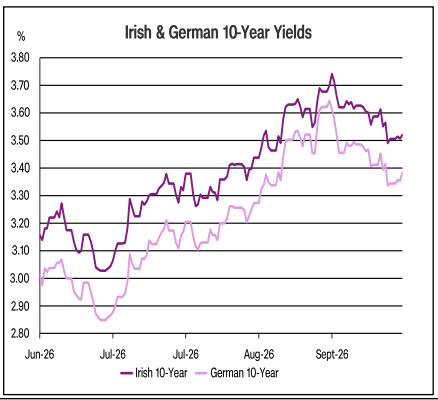












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	5.05	+5	-25	+89
Germany	3.38	+3	-20	+52
UK	5.33	-3	-11	+85
Ireland	3.52	+1	-19	+49
Belgium	4.39	-1	+3	+105
France	4.93	+1	+7	+137
Italy	4.52	+1	-12	+101
Spain	4.01	+1	-14	+71
Portugal	3.89	+2	-13	+73
Greece	4.32	+1	-12	+84
5 Year Swap %				
US	4.82	+1	-26	+110
Eurozone	3.43	+1	-15	+87
UK	5.01	+0	-0	+111
2 Year Swap %				
US	4.81	-5	-19	+123
Eurozone	3.38	-1	-15	+113
UK	5.00	+1	+9	+127
10 Year Government Bond Spreads to Benchmark bps				
Ireland	14	-1	+0	-3
Belgium	101	-4	-4	+22
France	155	-2	-2	+27
Italy	114	-2	-2	+8
Spain	62	-2	-2	+6
Portugal	51	-1	+6	+21
Greece	94	-1	+7	+7

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	115.32	+1.26	+11.39	+89.52
West Texas Oil	106.25	+2.79	+9.33	+85.56
Gold $	4067.0	+0.23	-2.14	-5.73

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