Morning Comment

AIB Treasury Economic Research Unit

Monday 07 September 2026
06:57 am

ECB meeting and US CPI in focus this week

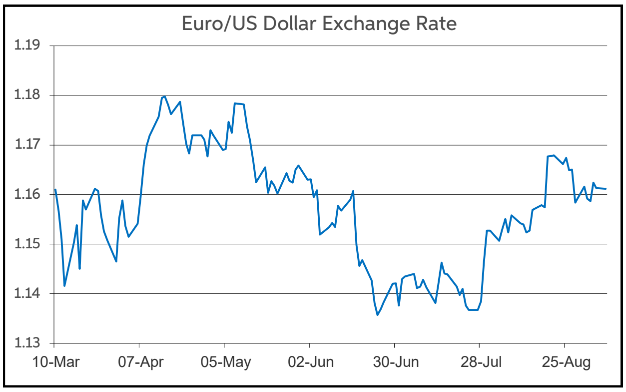
There was a cautious tone to investor sentiment throughout last week, amid a resumption of military strikes in the US-Iran war and continued volatility in the bond market. This saw Brent crude oil prices rise by over 5% to $95 per barrel (it is currently at $98bbl). Meantime, long-dated sovereign bond yields rose to multi-year highs in the US, Europe and Japan. Against this backdrop, the Euro Stoxx 50 shed 1.4%, while the S&P 500 finished flat for the week.

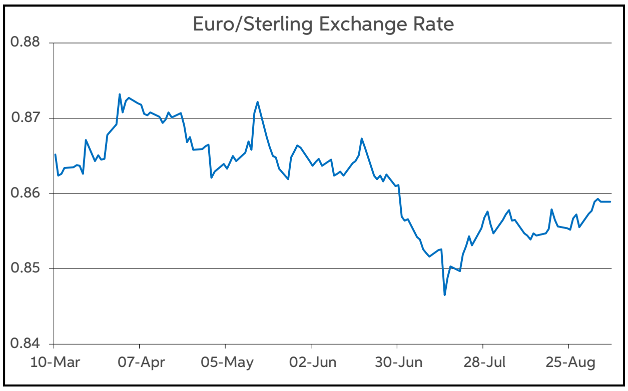
Market interest rate expectations were also volatile last week. Remarks from a number of prominent central bank officials and significant data releases impacted pricing. In the US, the Fed's Waller and Williams were less hawkish than anticipated. However, US payrolls were stronger than expected (+156k vs. 56k f'cast). As a result, markets raised the probability of a Fed rate hike later this month to 55% from 40% earlier in the week. In the Eurozone, HICP inflation rose to 3.3% in August but the core rate remained consistent with muted underlying inflation. Nevertheless, the market is now pricing in 75bps of rate hikes by the end of Q2 2027.

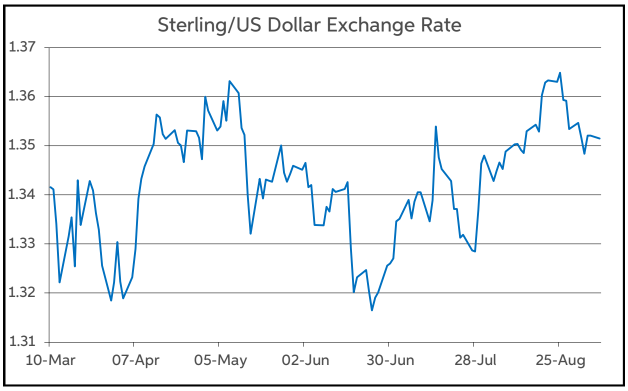
On the currency front, with the exception of the yen, the other majors were tightly range bound for most of last week. Meantime, the yen appreciated markedly, indicating authorities may have intervened in the market once again. Of the limited action to register elsewhere, sterling was under some slight downward pressure, while the euro was marginally stronger. EUR/USD starts this week above $1.16, while EUR/GBP is in the top half of 85-86p. USD/JPY is operating back below the ¥156 threshold.

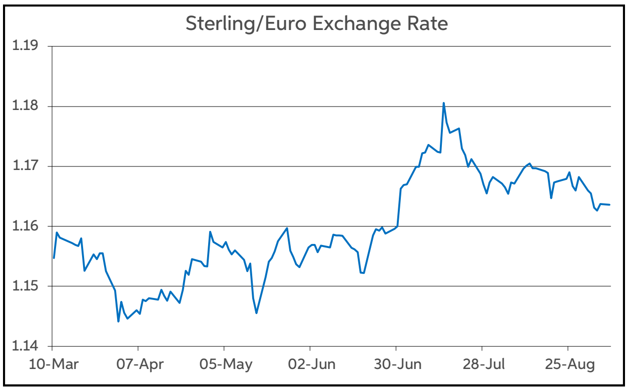
This week, the spotlight will be on the ECB policy meeting. A 25bps rate hike is expected. Data-wise, US CPI inflation will warrant close attention and may impact expectations for the Fed policy meeting this month. The conflict in the Middle East will also be in focus.

Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1612	-0.12	-1.13
EUR/GBP	0.8589	-0.01	-1.45
GBP/USD	1.3516	-0.10	0.32
GBP/EUR	1.1639	0.01	1.47
USD/JPY	155.85	-0.29	-0.51
EUR/JPY	181	-0.41	-1.63

* 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	3.63	3.75	3.82	4.14	4.50	4.54
EUR	2.25	2.36	2.68	3.06	3.19	3.25
GBP	3.75	3.74	3.80	4.20	4.57	4.68

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: AIBG.I
Phone: 00353-1-7724018
Morning Comment: John Fahey, john.j.fahey@aib.ie

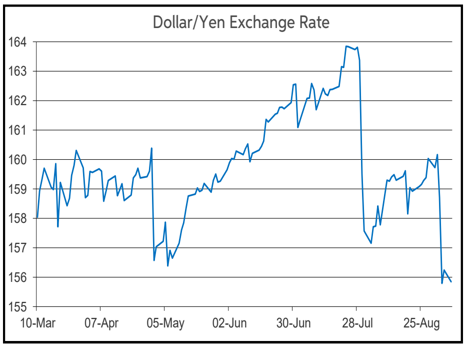
All Data Sourced from Refinitiv

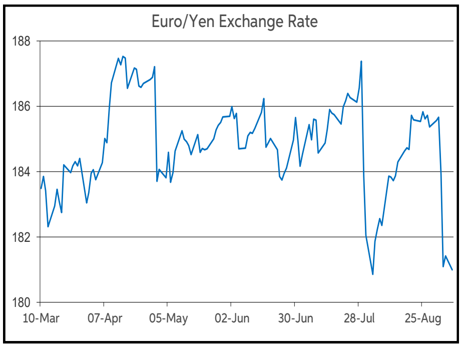
Opening Levels

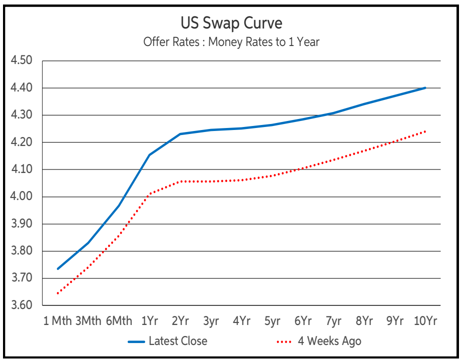
Monday 07 September 2026
06:57 am

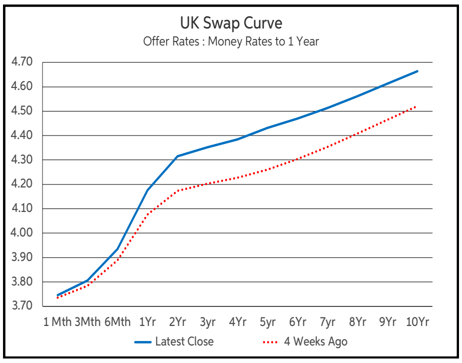
AIB

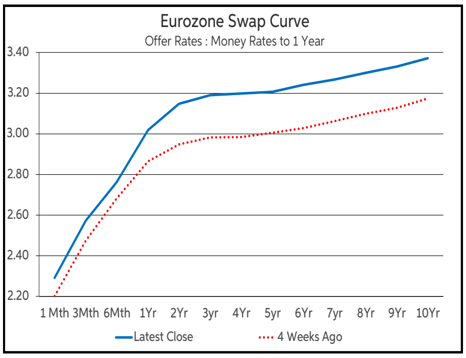
Euro		Sterling		Dollar	
EUR/GBP	0.8589	GBP/EUR	1.1639	USD/JPY	155.85
EUR/USD	1.1612	GBP/USD	1.3516	USD/CAD	1.383
EUR/JPY	181	GBP/CAD	1.8691	USD/CHF	0.8102
EUR/SEK	11.1238	GBP/NZD	2.2989	USD/CNY	6.7107
EUR/DKK	7.4749	GBP/JPY	210.65	USD/BRL	5.1251
EUR/NOK	10.7926	GBP/SEK	12.9476	USD/RUB	85.7588
EUR/CHF	0.941	GBP/DKK	8.698	USD/INR	94.4275
EUR/AUD	1.6107	GBP/NOK	12.56		
EUR/HKD	9.1026	GBP/CHF	1.0953	AUD/USD	0.7209
EUR/CAD	1.6061	GBP/AUD	1.8744	NZD/USD	0.5877

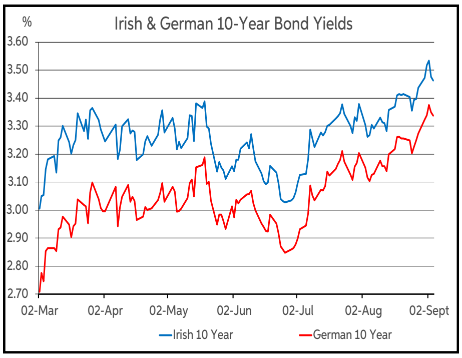












Debt Markets

		Change bps		
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.78	+2	+13	+63
Germany	3.34	-1	+21	+48
UK	5.13	-1	+21	+66
Ireland	3.46	-1	+17	+44
Belgium	3.89	-0	+24	+54
France	4.19	-2	+27	+63
Italy	4.14	-3	+24	+63
Spain	3.77	-3	+21	+47
Portugal	3.67	-4	+20	+51
Greece	4.00	-3	+22	+52
5 Year Swap %				
US	4.53	+2	+20	+81
Eurozone	3.24	+0	+24	+68
UK	4.67	+0	+18	+77
2 Year Swap %				
US	4.49	+3	+20	+92
Eurozone	3.14	-3	+20	+89
UK	4.57	+0	+16	+84
10 Year Government Bond Spreads to Benchmark bps				
Ireland	13	+0	-4	-4
Belgium	55	+1	+3	+7
France	85	-0	+7	+15
Italy	81	-2	+3	+16
Spain	43	-1	-0	-0
Portugal	33	-2	-1	+4
Greece	66	-2	+1	+5

Commodities

		% Change		
	Close	Day	4 Weeks	End 25
Brent Oil	96.28	+0.80	+15.24	+58.23
West Texas Oil	92.69	+0.15	+16.20	+61.88
Gold $	4427.7	-1.01	+1.98	+2.63

AIB, 10 Molesworth Street, Dublin 2 Tel: 353-1-6600311