Morning Comment

AIB Treasury Economic Research Unit

Monday 31 August 2026
07:43 am

Hawkish Fed Chair Warsh boosts the dollar

Trading conditions remained relatively calm for much of last week. Brent crude had declined by circa 4%, to below $90 per barrel on Friday. However, Brent is currently just above $90 per barrel this morning, amid military strikes between the US & Iran at the weekend. Meantime, equity markets edged higher on both sides of the Atlantic last week. The Euro Stoxx 50 gained 0.4%, while the S&P 500 rose by 0.5%. At the same time, the US Treasury yield curve flattened. The 2-year yield moved circa 10bps higher, while the 30-year yield fell by around 5bps.

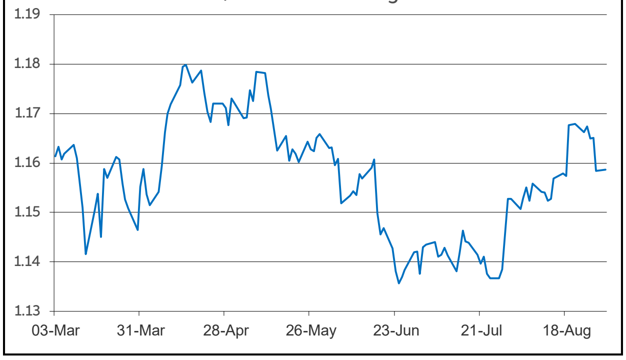
The 2-year yield rose largely on the back of a firming in US market rate expectations. Market pricing now indicates that there is around a 60% chance that the Fed raises rates at its next meeting in September. This change in pricing occurred following notably hawkish remarks from Fed Chair Warsh in his keenly anticipated Jackson Hole speech last Friday. It should also be noted that other Fed officials speaking earlier in the week also sounded hawkish on the policy outlook.

Against this backdrop, the dollar was on the front foot last week. The greenback regained all of its losses from the week prior, rising by 0.6-0.8% against the euro, sterling and yen. In level terms, this sees EUR/USD start this week back below the $1.16 threshold. USD/JPY is operating up near the ¥160 mark. Elsewhere, EUR/GBP remains at the midpoint of the 85-86p corridor.

Looking at the week ahead, the main release of note will be the US labour market report for August. In the Eurozone, the flash reading of HICP inflation for August, as well as retail sales and the unemployment rate for July will be released. Meantime, the UK data calendar is quiet, albeit a speech from BoE Governor Bailey on Friday may garner some interest.

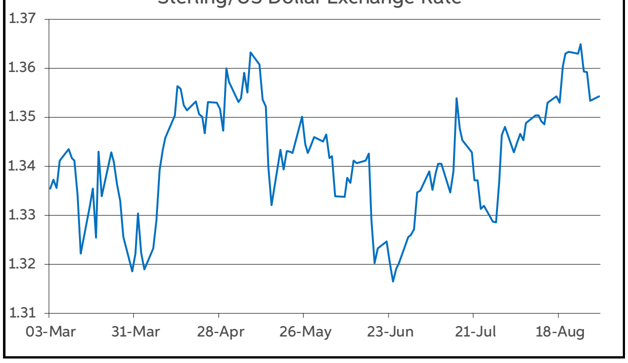
Daniel Noonan, Economist, AIB

Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate

Sterling/US Dollar Exchange Rate



Sterling/Euro Exchange Rate

Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1587	-0.50	-1.35
EUR/GBP	0.8555	-0.16	-1.84
GBP/USD	1.3543	-0.32	0.52
GBP/EUR	1.1685	0.16	1.87
USD/JPY	159.86	0.24	2.05
EUR/JPY	185.26	-0.26	0.69

* 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	3.71	3.81	4.13	4.45	4.46
EUR	2.25	2.29	2.57	2.98	3.11	3.18
GBP	3.75	3.74	3.80	4.17	4.54	4.65

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

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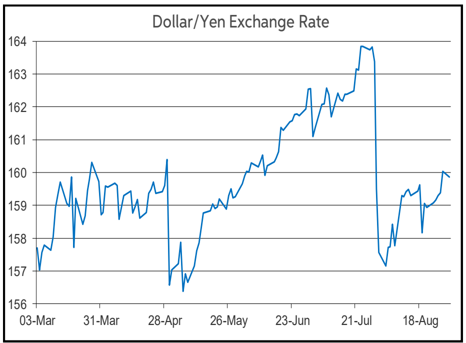
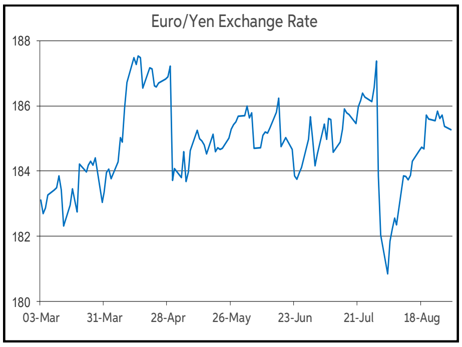
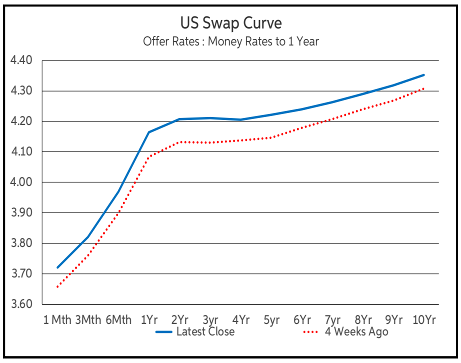
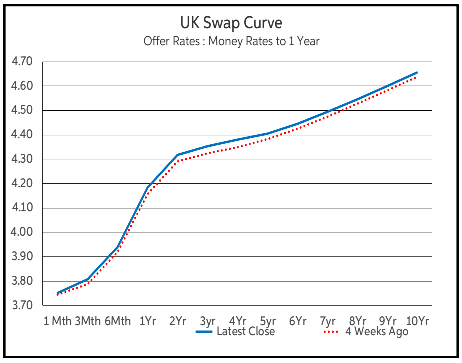
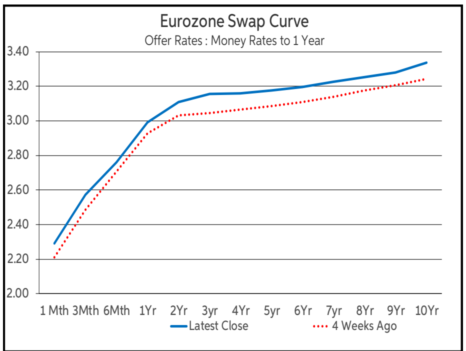
Euro		Sterling		Dollar	
EUR/GBP	0.8555	GBP/EUR	1.1685	USD/JPY	159.86
EUR/USD	1.1587	GBP/USD	1.3543	USD/CAD	1.3894
EUR/JPY	185.26	GBP/CAD	1.8815	USD/CHF	0.8088
EUR/SEK	11.1375	GBP/NZD	2.2888	USD/CNY	6.7199
EUR/DKK	7.4753	GBP/JPY	216.5	USD/BRL	5.1841
EUR/NOK	10.8518	GBP/SEK	13.0171	USD/RUB	86.7
EUR/CHF	0.9372	GBP/DKK	8.7367	USD/INR	95.4
EUR/AUD	1.618	GBP/NOK	12.6815		
EUR/HKD	9.0826	GBP/CHF	1.0953	AUD/USD	0.7161
EUR/CAD	1.6103	GBP/AUD	1.8905	NZD/USD	0.5914

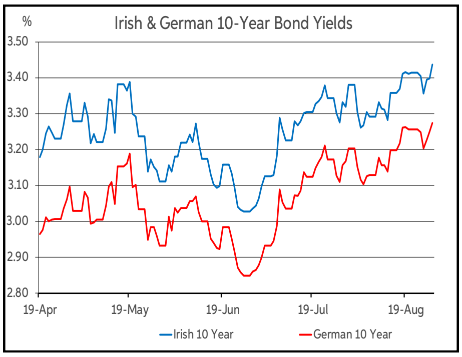












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	4.72	+5	-2	+57
Germany	3.27	+2	+7	+41
UK	5.07	+4	+2	+60
Ireland	3.44	+4	+6	+41
Belgium	3.82	+3	+7	+48
France	4.13	+3	+13	+57
Italy	4.11	+4	+8	+60
Spain	3.73	+3	+8	+44
Portugal	3.64	+2	+9	+48
Greece	3.92	-1	+2	+44
5 Year Swap %				
US	4.47	+9	+4	+74
Eurozone	3.15	+3	+7	+59
UK	4.65	+5	+4	+75
2 Year Swap %				
US	4.46	+12	+7	+88
Eurozone	3.10	+4	+7	+84
UK	4.54	+5	+3	+81
10 Year Government Bond Spreads to Benchmark bps				
Ireland	16	+2	-1	-0
Belgium	55	+0	+0	+7
France	85	+0	+6	+16
Italy	84	+2	+1	+19
Spain	46	+1	+1	+3
Portugal	37	+0	+2	+7
Greece	64	-3	-5	+3

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	89.31	-0.43	-0.90	+46.77
West Texas Oil	84.57	-0.28	-1.85	+47.69
Gold $	4452.7	-3.22	+10.19	+3.21

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