

EUR/GBP below 85p

Investor sentiment largely held a cautious tone throughout last week amid choppy trading conditions, despite a marked softening in market rate expectations and a decline in oil prices. Brent crude prices fell by circa 5% on the week, to around \$101 per barrel. Elsewhere, the Euro Stoxx 50 declined by 1.1%, while the S&P 500 registered a modest 0.2% loss.

A mix of less hawkish Fed rhetoric and weaker than anticipated inflation/labour market data contributed to a softening in US rate expectations last week. Notably, payrolls printed below the consensus in September, while core-PCE inflation slowed to 3.0% in July and stayed at that level in August. Against this backdrop, futures pricing indicates there is just a 20% chance of a rate hike at the next Fed meeting, while 80bps of tightening is expected by end'27. Similarly, some dovish remarks from ECB President Lagarde led to softening in Eurozone rate expectations, despite flash HICP inflation rising by more than anticipated in September. The ECB is now widely expected to remain on hold later this month.

Amid the softening in market rate expectations, short-dated bond yields fell 5-25bps across the board. However, long-dated US Treasury yields rose by 5-10bps. Similarly, long-dated UK Gilt yields climbed higher, albeit they closed on Friday, off their peak. Meantime, the spread between French and German 10-year yields widened by circa 30bps, due to concerns regarding the proposed French Budget for 2027.

On the currency front, the euro was on the defensive last week and it has lost further ground in early trading at the start of this week. This is reflected by EUR/USD opening today back below the \$1.12 threshold. EUR/GBP is down below the 85p mark. Elsewhere, GBP/USD is just above \$1.32.

Turning to the week ahead, the macro calendar is quite sparse. Meantime, the latest ECB and Fed meeting minutes will garner attention.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates

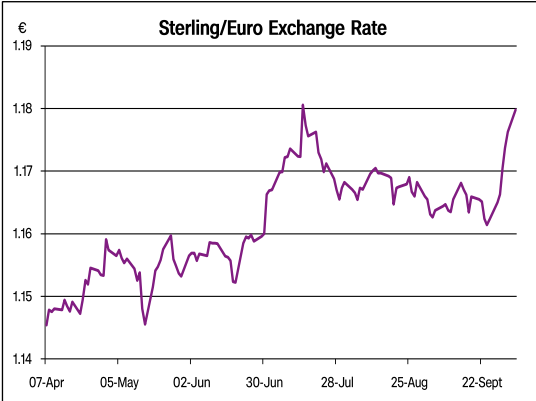
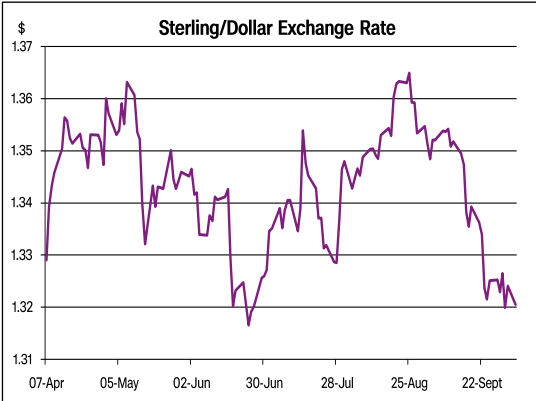
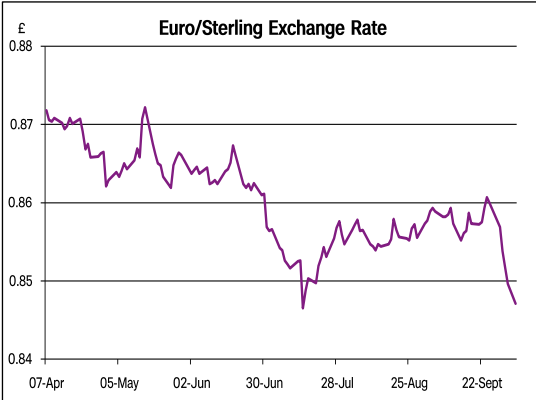
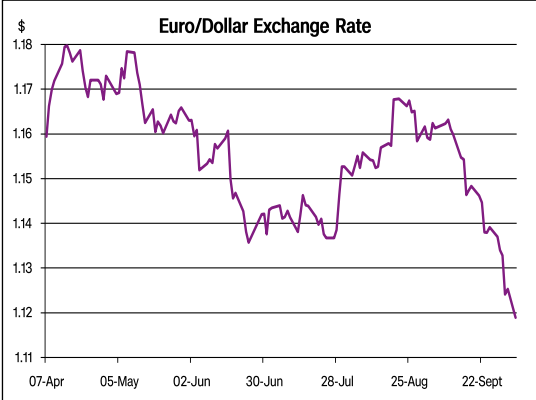
		% Change	
		Day *	End 2025
EUR/USD	1.1188	-0.56	-4.74
EUR/GBP	0.8471	-0.54	-2.80
GBP/USD	1.3205	-0.04	-1.99
GBP/EUR	1.1801	+0.54	2.88
USD/JPY	157.88	+0.01	0.79
EUR/JPY	176.66	-0.55	-3.98

* 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	3.91	4.01	4.45	4.93	5.02
EUR	2.50	2.44	2.60	3.24	3.38	3.51
GBP	3.75	3.72	3.89	4.42	4.85	4.93





Today's Opening Rates

Euro

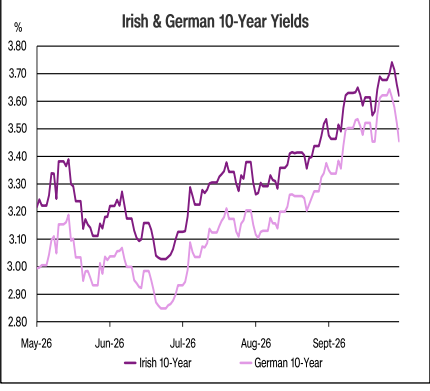
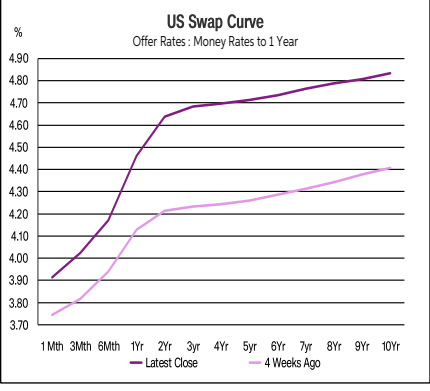
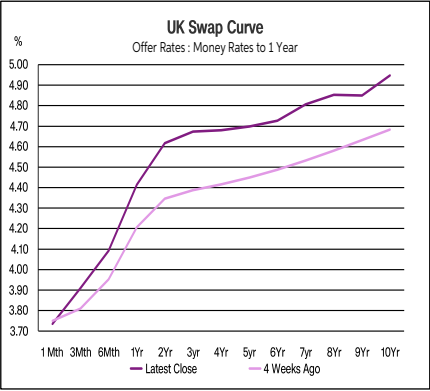
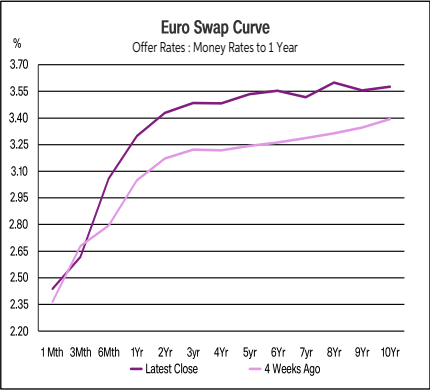
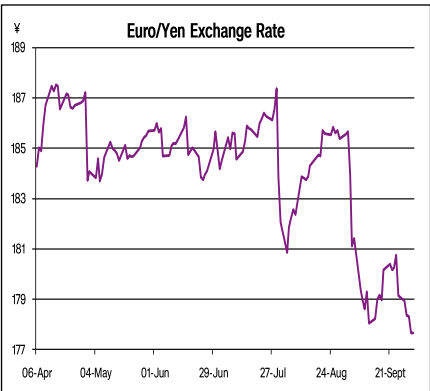
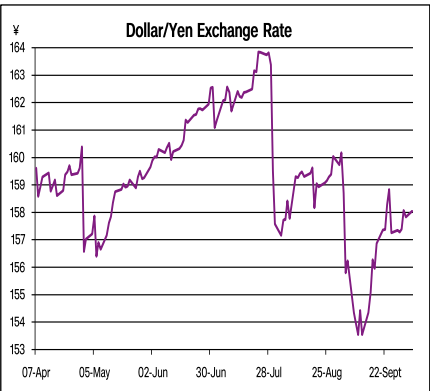
EUR/GBP	0.8471
EUR/USD	1.1191
EUR/JPY	176.66
EUR/SEK	11.2755
EUR/DKK	7.4737
EUR/NOK	10.8054
EUR/CHF	0.9287
EUR/AUD	1.6123
EUR/HKD	8.781
EUR/CAD	1.5977

Sterling

GBP/EUR	1.1799
GBP/USD	1.3207
GBP/CAD	1.8857
GBP/NZD	2.3608
GBP/JPY	208.43
GBP/SEK	13.3072
GBP/DKK	8.8186
GBP/NOK	12.7521
GBP/CHF	1.096
GBP/AUD	1.9027

Dollar

USD/JPY	157.82
USD/CAD	1.4278
USD/CHF	0.8298
USD/CNY	6.7045
USD/BRL	5.2223
USD/RUB	84.2652
USD/INR	96.275
AUD/USD	0.6939
NZD/USD	0.5592



Debt Markets

		Change bps		
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	5.28	+4	+49	+112
Germany	3.45	-7	+12	+59
UK	5.37	-3	+24	+90
Ireland	3.62	-4	+16	+59
Belgium	4.34	-8	+45	+99
France	4.86	-6	+67	+130
Italy	4.61	-10	+47	+110
Spain	4.09	-6	+32	+79
Portugal	3.99	-6	+32	+83
Greece	4.52	-1	+52	+105

5 Year Swap %				
US	5.03	+6	+49	+130
Eurozone	3.48	-5	+24	+92
UK	4.93	+1	+26	+104

2 Year Swap %				
US	4.94	+5	+44	+136
Eurozone	3.41	-2	+25	+116
UK	4.86	+5	+29	+113

10 Year Government Bond Spreads to Benchmark bps				
Ireland	17	+3	+4	+0
Belgium	88	-1	-1	+33
France	140	+0	+0	+55
Italy	116	-3	-3	+35
Spain	63	+0	+0	+20
Portugal	54	+0	+21	+24
Greece	107	+6	+41	+41

Commodities

	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	102.25	-0.06	+6.20	+68.04
West Texas Oil	97.89	-1.88	+5.61	+70.96
Gold \$	4142.3	-0.85	-6.44	-3.98

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