Morning Comment

AIB Treasury Economic Research Unit

Friday 18 September 2026
07:22 am

As expected, BoE holds and BoJ hikes

Monetary policy has been very much front and centre of the market discourse over the past 24 hours. Investors started yesterday digesting the previous evening's Fed meeting outcome which saw the central bank hike, as expected, by 25bps to 3.75-4.00%. The Fed also espoused a more hawkish tone, including Chair Warsh's press conference remarks. As a result, the dollar started yesterday's European session with some momentum, reflected in EUR/USD and GBP/USD opening below $1.15 and $1.34, respectively.

As the day progressed, attention turned to the BoE meeting. It remained on hold, as widely anticipated, at 3.75% for a sixth consecutive meeting. However, the tone from the BoE was more hawkish compared to its previous meeting in July. In short, the BoE communications implied that if there is no resolution to the Middle East conflict over the coming months and if energy prices remain elevated, then it will likely raise its key interest rate. However, the modest softening in UK futures suggests the market had been expecting more explicit hawkish guidance from the BoE. Sterling also weakened marginally in the immediate aftermath. Rounding out the monetary policy diary was the overnight BoJ meeting. As expected, it hiked rates by 25bps, to 1.25% (a 31-year high). The meeting statement was hawkish in tone. However, there were two votes against a rate hike which seemed to hamper the yen.

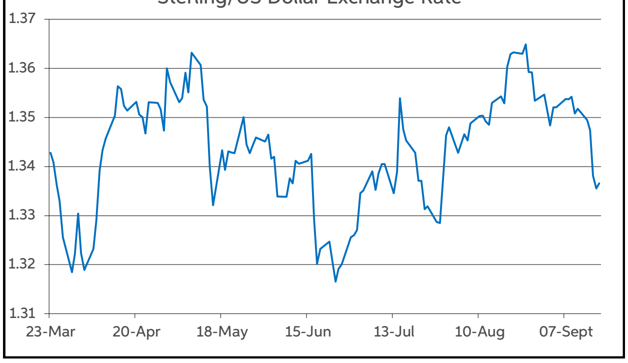
In early trading this morning, the weaker yen is reflected in USD/JPY changing hands above ¥157. Meanwhile, EUR/USD remains below $1.15 and GBP/USD continues to trade below $1.34. EUR/GBP is near to 86p, having tested above this mark following yesterday's BoE meeting. Today's macro calendar brings the week to a close with a much less eventful agenda compared to the previous two days. Therefore, the main FX pairs may trade around their current levels heading into the weekend.

John Fahey, Senior 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	1.148	0.13	-2.26
EUR/GBP	0.8585	0.21	-1.49
GBP/USD	1.3366	-0.10	-0.79
GBP/EUR	1.1642	-0.21	1.51
USD/JPY	157.12	0.71	0.30
EUR/JPY	180.41	0.83	-1.95

* 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	3.89	4.02	4.46	4.85	4.80
EUR	2.50	2.45	2.66	3.31	3.49	3.49
GBP	3.75	3.72	3.84	4.41	4.82	4.87

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

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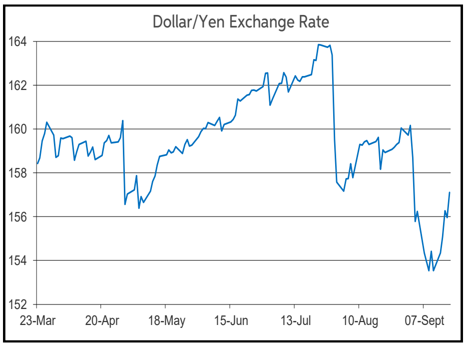
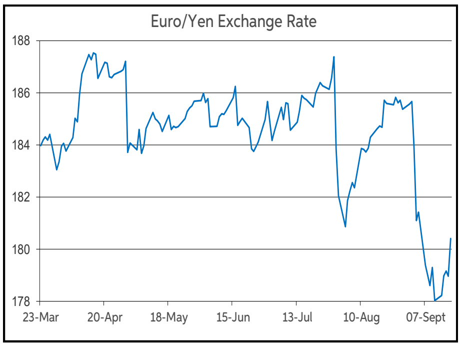
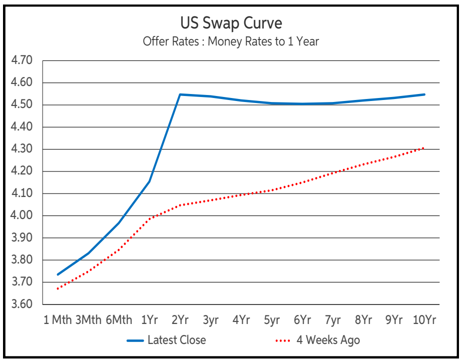
Euro	
EUR/GBP	0.8585
EUR/USD	1.148
EUR/JPY	180.41
EUR/SEK	11.262
EUR/DKK	7.4754
EUR/NOK	10.8152
EUR/CHF	0.9464
EUR/AUD	1.6117
EUR/HKD	9.0062
EUR/CAD	1.6064

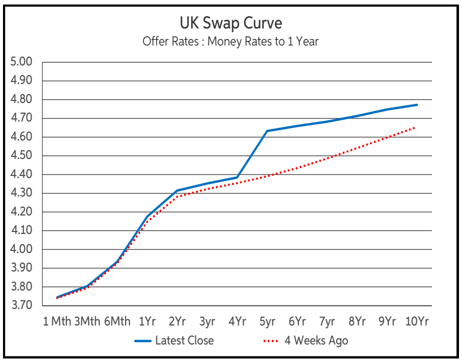
Sterling	
GBP/EUR	1.1642
GBP/USD	1.3366
GBP/CAD	1.8708
GBP/NZD	2.3356
GBP/JPY	210.01
GBP/SEK	13.1147
GBP/DKK	8.7032
GBP/NOK	12.585
GBP/CHF	1.1021
GBP/AUD	1.8765

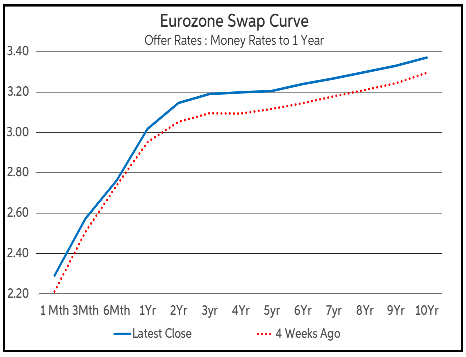
Dollar	
USD/JPY	157.12
USD/CAD	1.3997
USD/CHF	0.8243
USD/CNY	6.6993
USD/BRL	5.1247
USD/RUB	84.48
USD/INR	95.78
AUD/USD	0.7122
NZD/USD	0.572

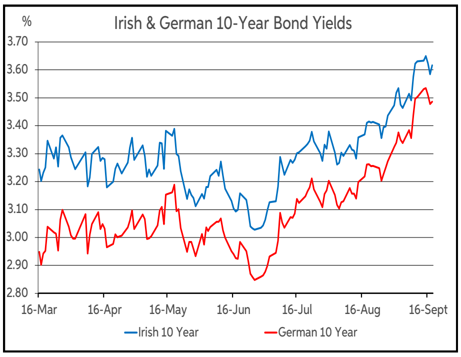












Debt Markets

		Change bps		
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.95	-6	+25	+79
Germany	3.48	-3	+22	+62
UK	5.22	-8	+15	+75
Ireland	3.58	-4	+17	+56
Belgium	4.09	-3	+27	+75
France	4.44	-3	+32	+88
Italy	4.34	-3	+26	+83
Spain	3.94	-3	+23	+65
Portugal	3.84	-4	+22	+69
Greece	4.24	-4	+32	+76
5 Year Swap %				
US	4.78	-9	+40	+105
Eurozone	3.49	-1	+38	+93
UK	4.88	-0	+26	+98
2 Year Swap %				
US	4.79	-7	+49	+122
Eurozone	3.47	+1	+42	+121
UK	4.83	+3	+33	+110
10 Year Government Bond Spreads to Benchmark bps				
Ireland	11	-1	-5	-6
Belgium	61	-0	+4	+13
France	96	+1	+10	+27
Italy	86	-0	+3	+21
Spain	46	-0	+1	+3
Portugal	37	-0	+0	+7
Greece	76	-0	+9	+15

Commodities

		% Change		
	Close	Day	4 Weeks	End 25
Brent Oil	104.82	-0.95	+11.77	+72.26
West Texas Oil	103.21	-0.40	+15.00	+80.25
Gold $	4340.1	+1.83	-3.94	+0.60

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