Morning Comment

AIB Treasury Economic Research Unit

US labour market report due today

The BoE hiked the bank rate by 25bps to 4.00% yesterday, as expected. However, the central bank remained split once again, with eight officials voting for the hike, while one dissented, preferring to raise rates by 50bps. The overarching message from the BoE was that the near-term path for rates is highly dependent on the conflict in the Middle East and the potential emergence of second-round inflation effects.

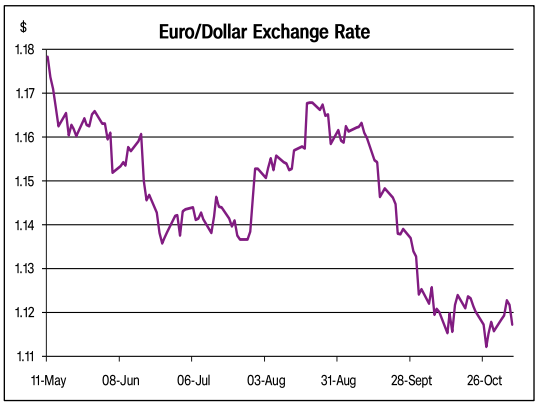
The BoE decision contributed to volatility in market interest rate expectations yesterday. Initially, UK market rate expectations firmed somewhat amid similar moves in the US and Eurozone. This coincided with a rise in wholesale energy prices, the BoE policy decision and hawkish remarks from Fed officials. However, rate expectations softened across the board late on and overnight, as concerns regarding the sustainability of the AI boom intensified. This resulted in the S&P 500 registering a 4.4% loss, its largest one-day fall since "Liberation Day" in April 2025.

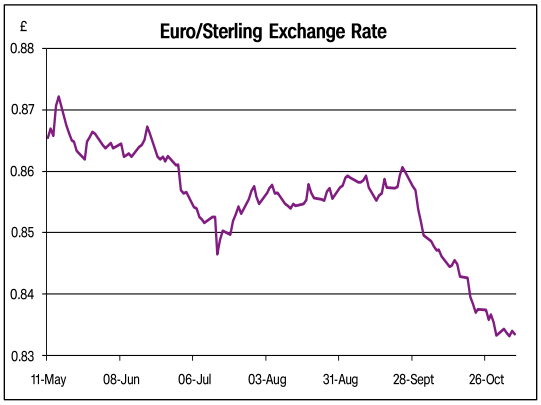
Against this backdrop, current market pricing indicates there is a 45% chance of a BoE rate hike in December. In any case, a hike is fully priced-in for February, and circa 65bps of policy tightening is anticipated in total. In the US, markets see a 65% chance of a Fed rate hike in December, and a total of 40bps of increases. Meantime in the Eurozone, current pricing suggests there is a 60% chance of a rise in December and 50bps of tightening overall.

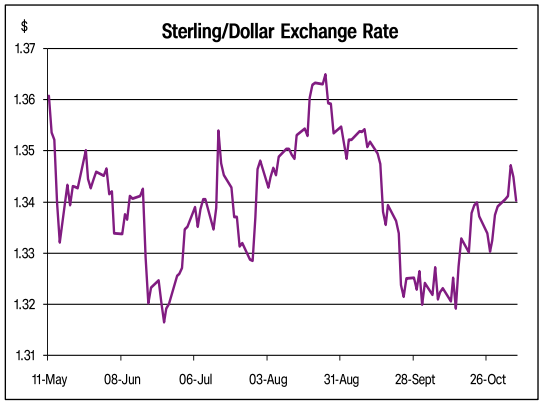
On the currency front, the main pairs remained largely range bound throughout the European session. As risk appetite faded overnight though, the dollar has firmly been in the ascendancy. This sees EUR/USD open today back below the $1.12 threshold. Meanwhile, GBP/USD is down at the $1.34 mark. EUR/GBP is in the bottom half of the 83-84p range.

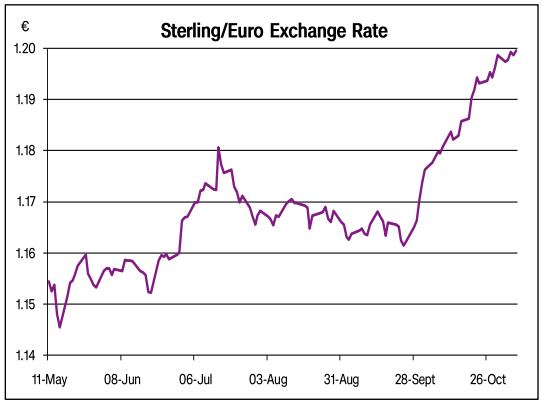
The main release of note today will be the US labour market report for October. Non-farm payrolls are forecast to rise by 65k. At the same time, concerns over the sustainability of the AI boom will remain in focus.

Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2025
EUR/USD	1.1171	-0.78	-4.89
EUR/GBP	0.8336	-0.12	-4.35
GBP/USD	1.3399	-0.65	-0.55
GBP/EUR	1.1992	+0.12	4.55
USD/JPY	157.85	-0.01	0.77
EUR/JPY	176.33	-0.82	-4.16

* 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	3.88	4.02	4.25	4.59	4.59
EUR	2.50	2.45	2.76	3.18	3.26	3.26
GBP	4.00	3.99	4.08	4.47	4.80	4.78

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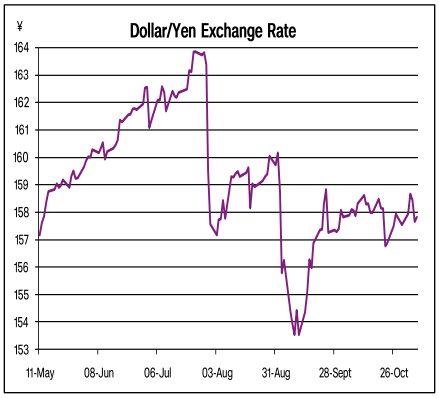
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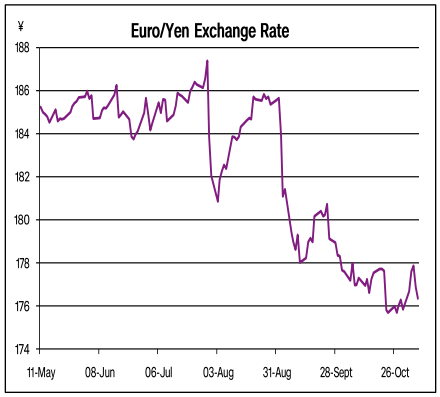
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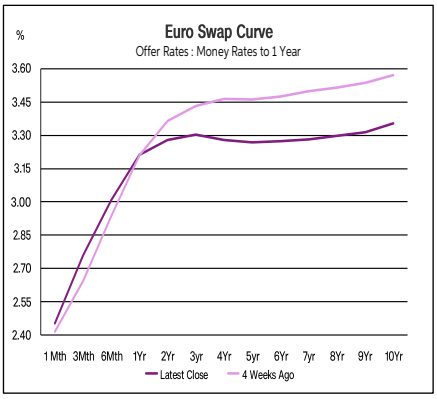
Opening Levels

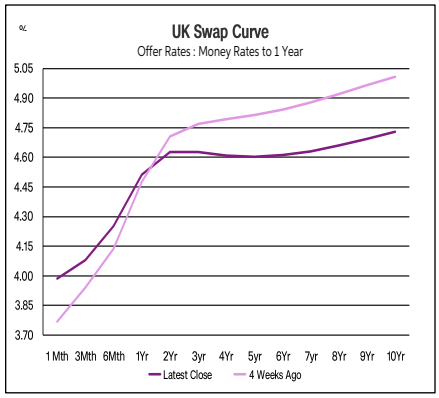
Today's Opening Rates

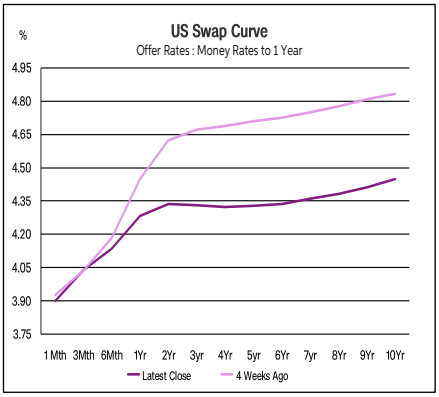
Euro		Sterling		Dollar	
EUR/GBP	0.8336	GBP/EUR	1.1992	USD/JPY	157.85
EUR/USD	1.1171	GBP/USD	1.3399	USD/CAD	1.4059
EUR/JPY	176.33	GBP/CAD	1.8836	USD/CHF	0.818
EUR/SEK	11.0194	GBP/NZD	2.41	USD/CNY	6.6696
EUR/DKK	7.474	GBP/JPY	211.5	USD/BRL	5.5032
EUR/NOK	10.4648	GBP/SEK	13.2159	USD/RUB	81.7782
EUR/CHF	0.9138	GBP/DKK	8.9626	USD/INR	94.0925
EUR/AUD	1.6247	GBP/NOK	12.55		
EUR/HKD	8.7579	GBP/CHF	1.0961	AUD/USD	0.6873
EUR/CAD	1.5704	GBP/AUD	1.9487	NZD/USD	0.5557

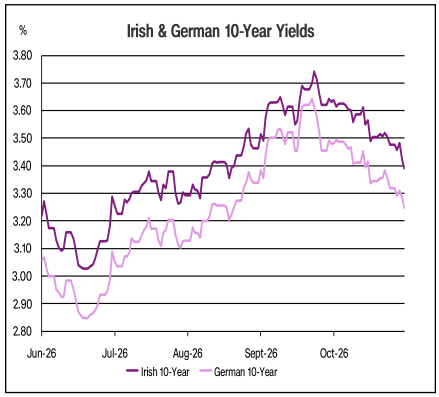












Debt Markets

	Close	Change bps Day	4 Weeks	End 25
10 Year Yield %				
US	4.84	-6	-40	+68
Germany	3.25	-4	-25	+38
UK	5.14	-0	-35	+66
Ireland	3.39	-3	-23	+36
Belgium	4.26	-3	-10	+91
France	4.78	-0	-12	+122
Italy	4.34	+2	-27	+83
Spain	3.83	-0	-29	+54
Portugal	3.70	-3	-29	+54
Greece	4.11	-7	-32	+63
5 Year Swap %				
US	4.58	-8	-39	+85
Eurozone	3.26	-4	-19	+70
UK	4.83	-3	-15	+94
2 Year Swap %				
US	4.57	-12	-29	+100
Eurozone	3.27	-1	-9	+102
UK	4.86	+0	-2	+113
10 Year Government Bond Spreads to Benchmark bps				
Ireland	14	+1	+2	-2
Belgium	101	+1	+1	+14
France	153	+4	+4	+13
Italy	110	+6	+6	-2
Spain	59	+4	+4	-5
Portugal	46	+1	-5	+16
Greece	87	-3	-7	-7

Commodities

	Close	% Change Day	4 Weeks	End 25
Brent Oil	98.29	+3.88	-5.74	+61.53
West Texas Oil	94.05	+2.53	-4.28	+64.25
Gold $	4087.3	+0.68	-1.13	-5.26

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