

Dollar weakens as oil prices move off their peak

Investor sentiment continued to hold a cautious tone yesterday, amid concerns regarding a further escalation in the conflict in the Middle East. Reports suggested that the White House was contemplating renewed military strikes on Iran. At the same time, data showed that the number of ships transiting the Strait of Hormuz dropped precipitously over the last week. Against this backdrop, oil prices rose sharply, with Brent crude nearing \$106 per barrel. However, they are currently off their peak, close to \$104, as President Trump later stated that the US would not attack Iran before the mid-term elections in early November.

Elsewhere trading conditions in the bond market remained volatile. Overall, yields fell across the board. US Treasury yields declined amid some dovish remarks from Fed Governor Waller, and on the back of another solid US Treasury auction. Treasury yields are circa 2-10bps lower along the curve. Meantime, UK Gilt and German Bund yields fell more modestly. The spread between German and French yields remains elevated but narrowed by around 5bps.

On the currency front, the dollar was initially in the ascendancy yesterday as oil prices rose. However, as oil prices moved off their peak the greenback handed back its gains. Furthermore, following the remarks from Governor Waller, the dollar came under some slight downward pressure. The US currency depreciated by circa 0.2% versus the euro and sterling yesterday.

As trading gets underway this morning, the softer tone to the dollar sees EUR/USD open in the lower half of the \$1.12-1.13 range. GBP/USD is in the bottom region of the \$1.32-1.33 band. EUR/GBP remains in the top half of the 84-85p corridor.

Today, the main release of note will be the Michigan measure of US consumer sentiment for October. Meanwhile, remarks from a number of ECB and Fed officials will also warrant attention.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates

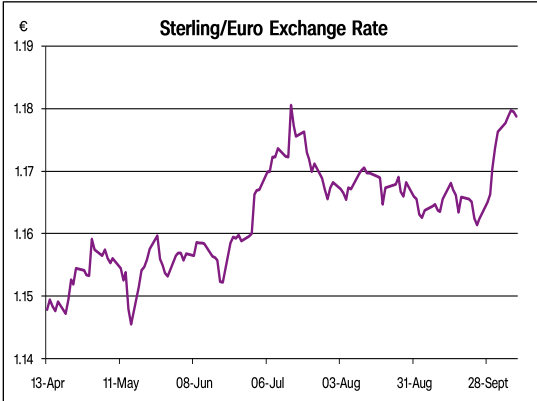
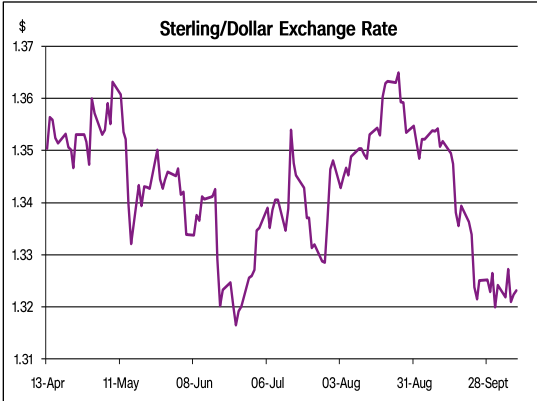
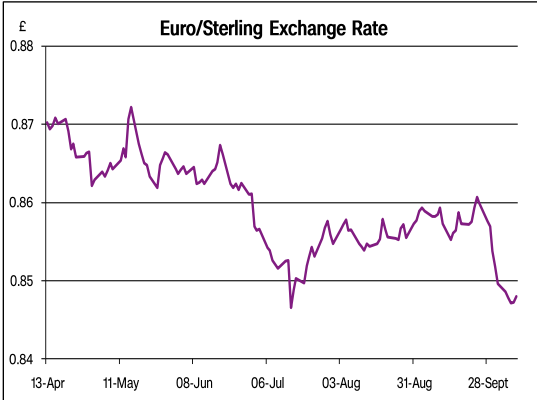
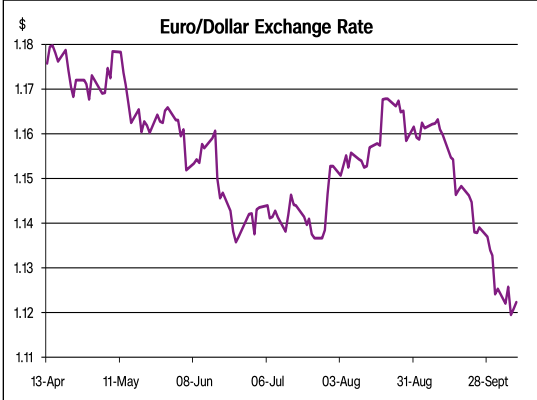
		% Change	
		Day *	End 2025
EUR/USD	1.1223	+0.17	-4.44
EUR/GBP	0.8480	-0.01	-2.70
GBP/USD	1.3230	+0.17	-1.80
GBP/EUR	1.1787	+0.01	2.77
USD/JPY	158.23	+0.01	1.01
EUR/JPY	177.62	+0.19	-3.46

* 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	3.92	4.03	4.46	4.90	4.99
EUR	2.50	2.44	2.64	3.20	3.39	3.48
GBP	3.75	3.76	3.94	4.45	4.90	5.00



Today's Opening Rates

Euro

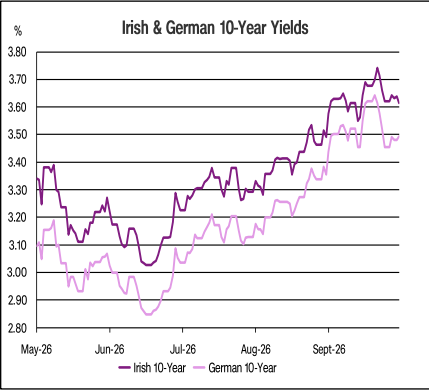
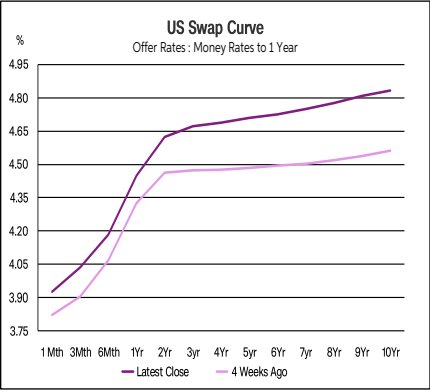
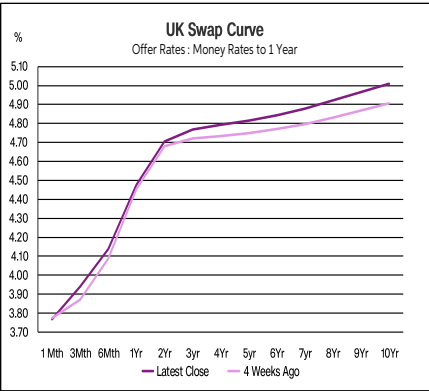
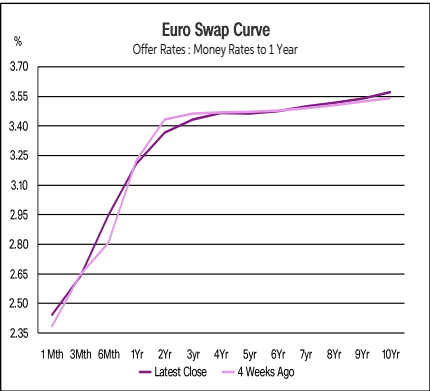
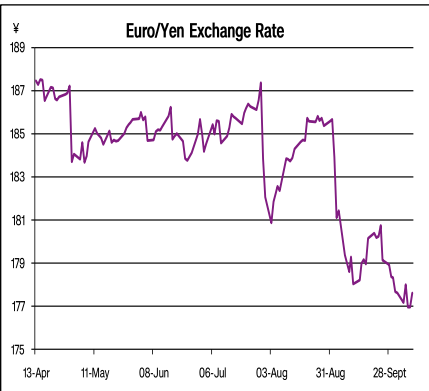
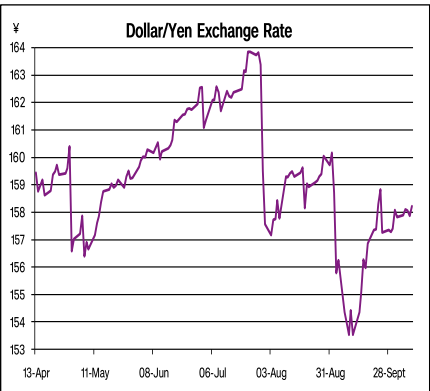
EUR/GBP	0.848
EUR/USD	1.1223
EUR/JPY	177.63
EUR/SEK	11.179
EUR/DKK	7.474
EUR/NOK	10.7308
EUR/CHF	0.9329
EUR/AUD	1.6078
EUR/HKD	8.8079
EUR/CAD	1.5956

Sterling

GBP/EUR	1.1789
GBP/USD	1.3232
GBP/CAD	1.8812
GBP/NZD	2.3562
GBP/JPY	209.38
GBP/SEK	13.1782
GBP/DKK	8.8107
GBP/NOK	12.6501
GBP/CHF	1.1
GBP/AUD	1.8956

Dollar

USD/JPY	158.24
USD/CAD	1.4217
USD/CHF	0.8312
USD/CNY	6.6968
USD/BRL	5.0187
USD/RUB	85.2442
USD/INR	96.625
AUD/USD	0.6978
NZD/USD	0.5613



Debt Markets

		Change bps		
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	5.23	-4	+29	+108
Germany	3.49	+1	-0	+63
UK	5.49	+3	+11	+101
Ireland	3.62	-2	-1	+59
Belgium	4.36	+1	+24	+101
France	4.90	+3	+47	+134
Italy	4.61	-3	+22	+110
Spain	4.13	-1	+15	+84
Portugal	4.00	-1	+13	+84
Greece	4.43	-9	+24	+95

5 Year Swap %

US	4.97	-4	+23	+124
Eurozone	3.45	-2	-1	+89
UK	4.98	-0	-0	+108

2 Year Swap %

US	4.86	-0	+16	+129
Eurozone	3.36	+0	-5	+110
UK	4.89	+2	-4	+116

10 Year Government Bond Spreads to Benchmark bps

Ireland	12	-4	-0	-4
Belgium	87	+0	+0	+25
France	140	+1	+1	+47
Italy	112	-4	-4	+23
Spain	63	-2	-2	+15
Portugal	50	-3	+13	+21
Greece	94	-10	+24	+24

Commodities

	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	104.28	+4.07	-3.11	+71.37
West Texas Oil	98.26	+3.41	-5.13	+71.60
Gold \$	4133.9	+0.57	-4.21	-4.18

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