

Sterling edges higher

There was a positive tone to investor sentiment yesterday. Equity markets moved higher on both sides of the Atlantic for a second consecutive day. The Euro Stoxx 50 gained 0.5%, while on Wall Street, the S&P 500 rose by 0.6%, registering a new all-time high in the process. The move coincided with a decline in oil prices, as Brent crude briefly dipped below \$100 per barrel. However, oil prices rose late on, meaning Brent crude is just above \$100 per barrel again this morning.

On bond markets, yields moved slightly lower across the board. 10-year US Treasury yields and UK Gilt yields declined by 4-5bps. At the same time, German Bund yields fell by 1-2bps, led lower by the short-end of the curve. Spreads between German and other Eurozone sovereign yields narrowed markedly also. Most notably, the spread between French and German 10-year yields closed by circa 8bps to around 130bps.

Amid the more positive mood on markets, the dollar and other traditional safe havens, such as the yen and the Swiss franc were on the defensive. Overnight though, they have recovered some of their losses. At the same time, sterling has been holding a slightly firmer tone over the past 24 hours.

In level terms, EUR/GBP opens today nearer to the halfway mark of the 84-85p band. GBP/USD is at the midpoint of \$1.32-1.33. Elsewhere, EUR/USD is changing hands in the lower half of the \$1.12-1.13 corridor. USD/JPY is in the bottom region of the ¥158-159 range.

Already this morning, German industrial production figures show output rebounded sharply by 2.0% in August, having contracted by 1.2% in July. However, the release has not impacted the euro in early trading. The remainder of today's macro schedule is quite sparse. On the monetary policy front, the Fed FOMC meeting minutes from September will be released after the close in Europe.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates

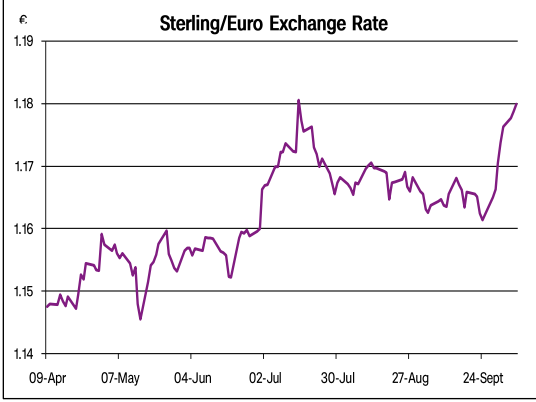
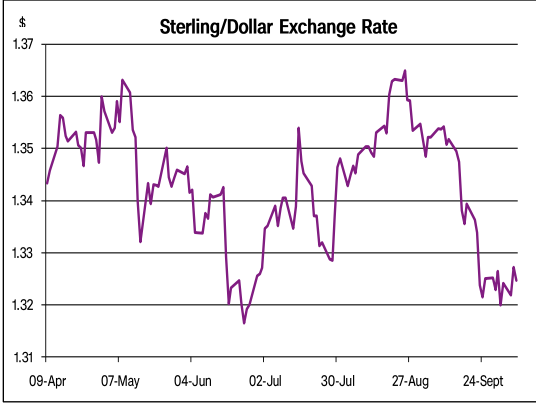
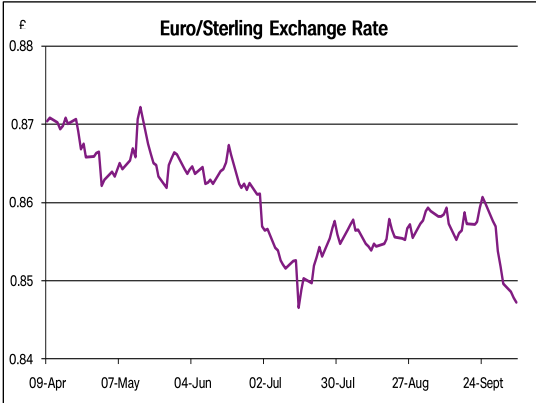
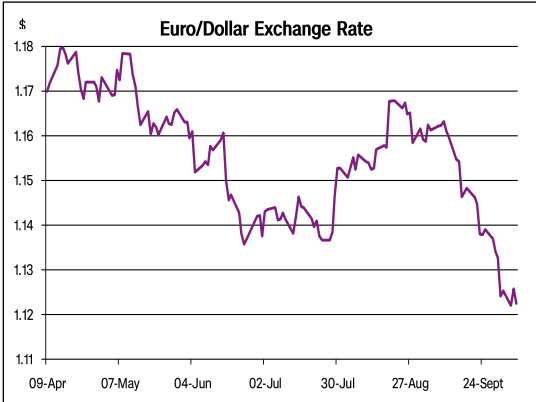
		% Change	
		Day *	End 2025
EUR/USD	1.1227	+0.10	-4.41
EUR/GBP	0.8471	-0.19	-2.80
GBP/USD	1.3251	+0.28	-1.65
GBP/EUR	1.1798	+0.19	2.88
USD/JPY	158.28	+0.09	1.04
EUR/JPY	177.73	+0.19	-3.40

* 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	4.03	4.48	4.94	5.05
EUR	2.50	2.43	2.60	3.24	3.42	3.50
GBP	3.75	3.76	3.93	4.43	4.86	4.98



Today's Opening Rates

Euro

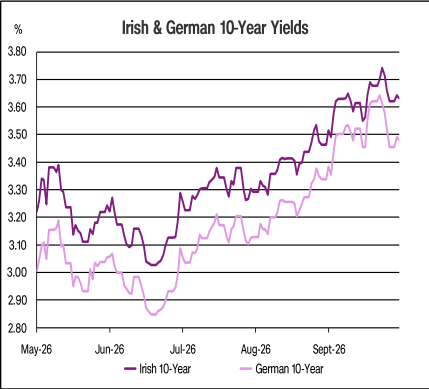
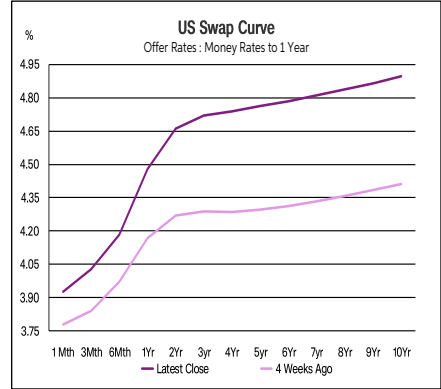
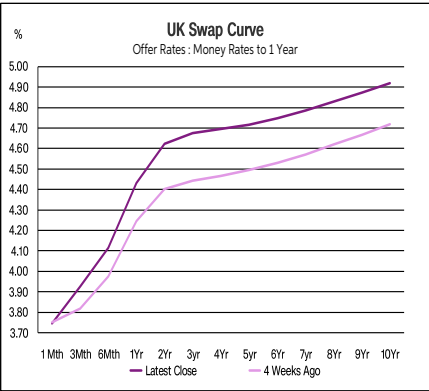
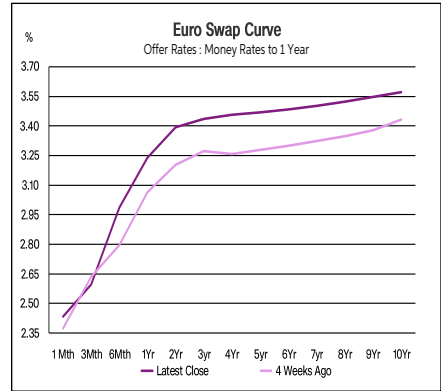
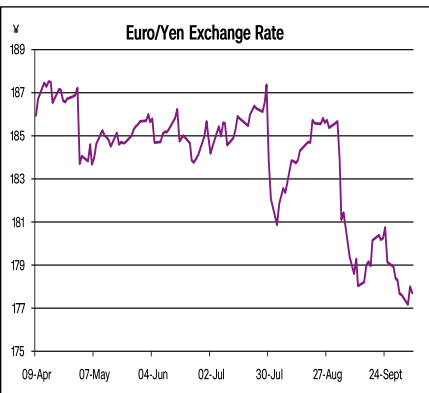
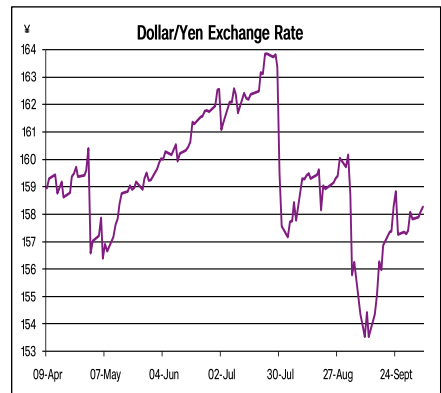
EUR/GBP	0.8471
EUR/USD	1.1227
EUR/JPY	177.73
EUR/SEK	11.259
EUR/DKK	7.4742
EUR/NOK	10.7389
EUR/CHF	0.9344
EUR/AUD	1.6103
EUR/HKD	8.8115
EUR/CAD	1.5964

Sterling

GBP/EUR	1.1799
GBP/USD	1.3249
GBP/CAD	1.884
GBP/NZD	2.3615
GBP/JPY	209.72
GBP/SEK	13.2866
GBP/DKK	8.8201
GBP/NOK	12.6729
GBP/CHF	1.1029
GBP/AUD	1.9004

Dollar

USD/JPY	158.28
USD/CAD	1.4219
USD/CHF	0.8323
USD/CNY	6.7045
USD/BRL	4.9828
USD/RUB	85.3775
USD/INR	96.71
AUD/USD	0.6969
NZD/USD	0.5609



Debt Markets

		Change bps		
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	5.27	-4	+47	+112
Germany	3.48	-1	+12	+62
UK	5.38	-5	+20	+91
Ireland	3.63	-1	+14	+60
Belgium	4.26	-6	+34	+91
France	4.75	-11	+53	+119
Italy	4.54	-10	+35	+102
Spain	4.08	-6	+28	+78
Portugal	3.95	-8	+24	+79
Greece	4.41	-7	+37	+93

5 Year Swap %

US	5.01	-2	+46	+128
Eurozone	3.46	-2	+19	+90
UK	4.95	-2	+23	+105

2 Year Swap %

US	4.90	-1	+38	+133
Eurozone	3.38	+0	+18	+113
UK	4.85	+0	+23	+112

10 Year Government Bond Spreads to Benchmark bps

Ireland	15	+0	+2	-2
Belgium	78	-4	-4	+21
France	127	-10	-10	+40
Italy	105	-9	-9	+23
Spain	59	-5	-5	+15
Portugal	47	-7	+11	+18
Greece	93	-6	+24	+24

Commodities

	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	100.58	+0.26	+2.72	+65.29
West Texas Oil	96.24	+0.11	+2.15	+68.08
Gold \$	4163.5	+0.58	-4.38	-3.49

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