

## A cut, a hold and a hike

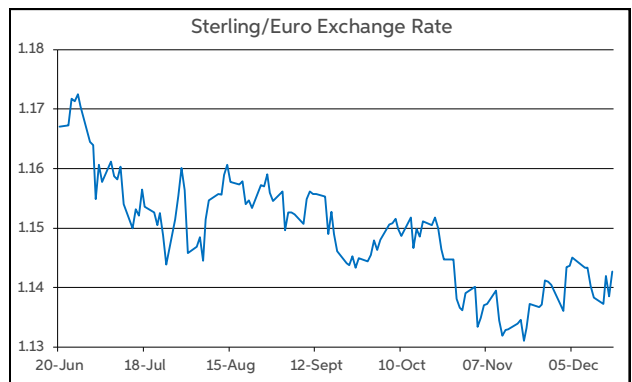
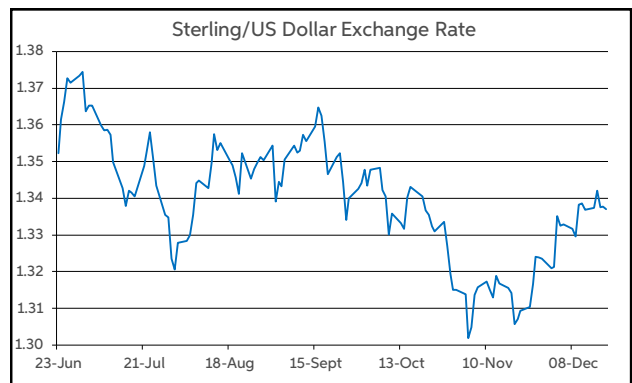
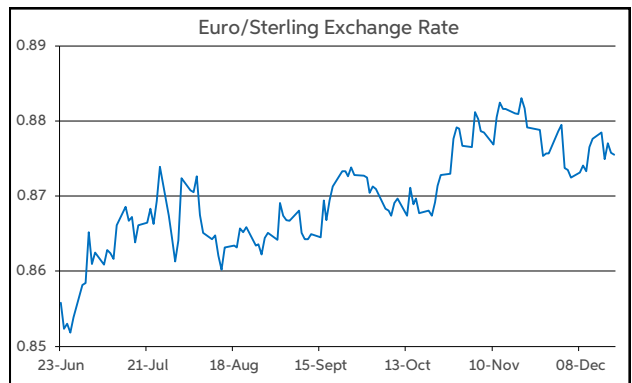
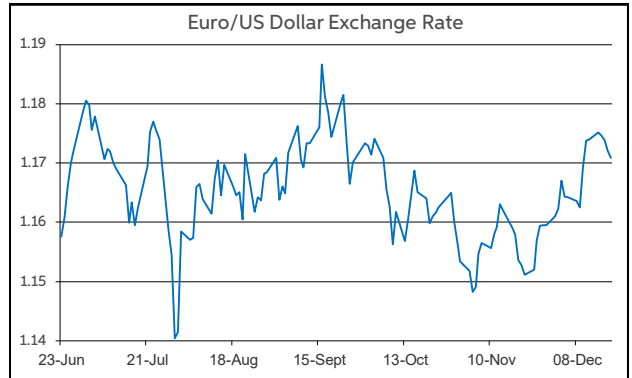
As expected the Bank of England cut rates by 25bps yesterday. However, the monetary policy committee remains deeply split, with just five members backing the decision to cut, while four dissented in favour of leaving rates unchanged. Overall, the meeting statement, minutes and the voting breakdown, indicate that although the BoE retains a bias to cut rates again, the bar for further easing has risen.

Meanwhile, the ECB opted to keep policy on hold for a fourth successive meeting, as had been widely anticipated. The ECB also released its updated macro-projections. Overall, the central bank expects slightly stronger growth and faster inflation this year and next. Despite this though, remarks from President Lagarde at the press conference suggest that the ECB is unlikely to alter policy in the near-term. Elsewhere, the Bank of Japan raised official rates by 25bps to 0.75% overnight. Rates are now at their highest level in 30 years, as Japanese inflation (currently at 3.0%) has printed above the 2% target for the past 44 months.

Against this backdrop, UK interest rate futures hardened somewhat. Meantime, Eurozone and Japanese rate expectations are little changed, while US futures have softened, amid a fall in CPI inflation to 2.7% (vs. 3.1% f'cast) in November. On the currency front, Sterling has been in the ascendancy, while the euro and yen have been on the defensive. In level terms, this sees EUR/GBP open today at the midpoint of 87-88p. EUR/USD is in the lower half of \$1.17-1.18. USD/JPY is operating in the top half of the ¥156-157 trading band.

Already this morning, UK retail sales data for November have been released. Headline retail sales printed below the consensus, falling by 0.1% in the month (vs. +0.4% f'cast). Elsewhere, UK consumer confidence improved to -17.0 (vs. -18 f'cast) but German consumer sentiment deteriorated to -26.9 (vs. -23.2 f'cast). The Eurozone wide measure of consumer confidence is the main release later today.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1709	-0.30	13.10
EUR/GBP	0.8755	-0.32	5.83
GBP/USD	1.3369	0.01	6.86
GBP/EUR	1.1417	0.32	-5.51
USD/JPY	156.8	0.64	-0.24
EUR/JPY	183.62	0.34	12.82

\* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
Base Rate	Money Market		Swap Rates			
	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr	
USD	3.63	3.74	3.68	3.43	3.60	3.70
EUR	2.00	1.93	2.05	2.18	2.29	2.59
GBP	3.75	3.73	3.72	3.55	3.76	3.93

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Friday 19 December 2025  
08:03 am



## Euro

EUR/GBP	0.8755
EUR/USD	1.1709
EUR/JPY	183.62
EUR/SEK	10.907
EUR/DKK	7.4711
EUR/NOK	11.923
EUR/CHF	0.9315
EUR/AUD	1.7727
EUR/HKD	9.1115
EUR/CAD	1.6146

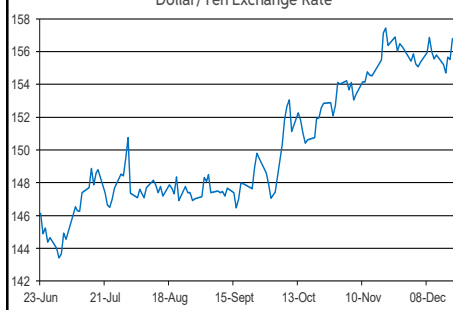
## Sterling

GBP/EUR	1.1417
GBP/USD	1.3369
GBP/CAD	1.8436
GBP/NZD	2.3249
GBP/JPY	209.63
GBP/SEK	12.454
GBP/DKK	8.5291
GBP/NOK	13.617
GBP/CHF	1.0634
GBP/AUD	2.0236

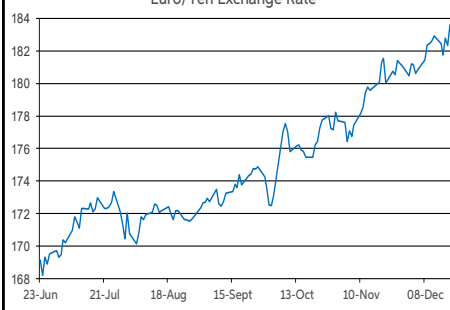
## Dollar

USD/JPY	156.8
USD/CAD	1.379
USD/CHF	0.7954
USD/CNY	7.0408
USD/BRL	5.5216
USD/RUB	80.9
USD/INR	90.152
AUD/USD	0.6603
NZD/USD	0.5748

Dollar/Yen Exchange Rate

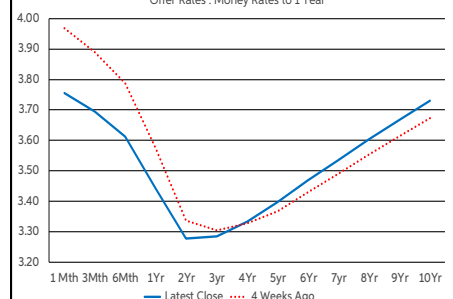


Euro/Yen Exchange Rate



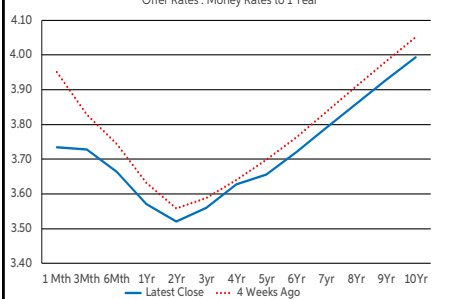
US Swap Curve

Offer Rates : Money Rates to 1 Year



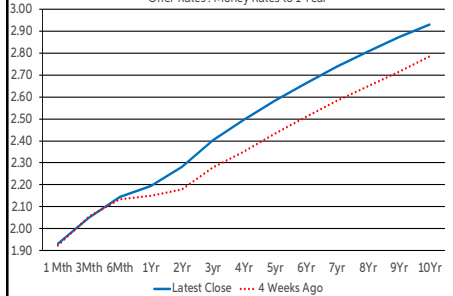
UK Swap Curve

Offer Rates : Money Rates to 1 Year

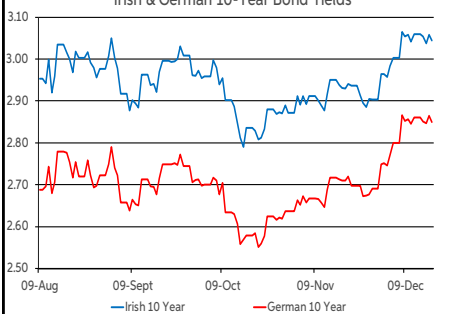


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 24
<b>10 Year Yield %</b>				
US	4.12	-4	+1	-46
Germany	2.85	-2	+13	+49
UK	4.48	+0	-11	-9
Ireland	3.04	-1	+10	+39
Belgium	3.33	-2	+7	+35
France	3.56	-1	+7	+36
Italy	3.50	-3	+2	-2
Spain	3.28	-2	+5	+21
Portugal	3.14	-3	+8	+29
Greece	3.46	-1	+11	+21
<b>5 Year Swap %</b>				
US	3.64	-1	+4	-65
Eurozone	2.57	-1	+15	+33
UK	3.91	+2	-3	-37
<b>2 Year Swap %</b>				
US	3.55	-2	-3	-79
Eurozone	2.28	+0	+10	+8
UK	3.76	+3	-4	-73
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	20	+0	-3	-9
Belgium	48	-0	-6	-13
France	71	+0	-6	-12
Italy	65	-1	-11	-51
Spain	43	-0	-8	-27
Portugal	29	-1	-5	-19
Greece	61	+0	-2	-27

## Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	59.82	+0.23	-5.62	-19.86
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4331.9	-0.21	+6.25	+65.10

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