Morning Comment

AIB Treasury Economic Research Unit

Monday 03 November 2025
07:21 am

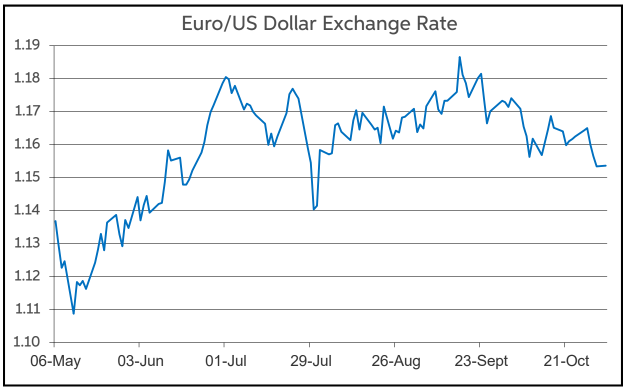
Dollar momentum

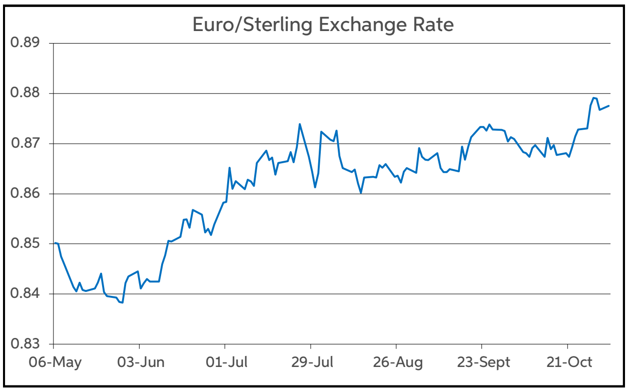
The October round of central bank meetings meant there was a busy end to the month last week. The ECB meeting was uneventful. As expected, rates were left on hold, with the ECB emphasising its view that policy is in a “good place” and therefore any near term alterations are unlikely. The BoJ also stood pat. The tone of the communications had a less hawkish leaning, with no signal that it will hike rates before year end. Meanwhile, the Fed cut rates, in line with expectations, by 25bps to a 3.75-4.00% range. However, the press conference had a less dovish tone. Chair Powell opened the door to a potential ’hold’ in December, commenting that a rate cut is “not a foregone conclusion...far from it”.

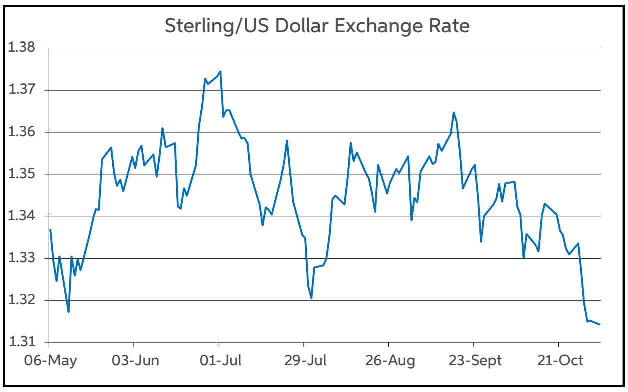
From a currency perspective, the less dovish Fed tone, combined with positive developments in relation to US trade agreements (China and Japan) provided a supportive backdrop for the dollar. At the same time, sterling remained on the defensive, with the upcoming Budget (Nov 26th) looming on the horizon. Meantime, the yen was not helped by the less hawkish vibe emanating from the BoJ. In level terms, all of the above was reflected in EUR/USD falling back below the $1.16 threshold, GBP/USD declining from $1.33 to nearer $1.31 and USD/JPY up at the ¥154 handle. The softer sterling tone was also reflected in EUR/GBP testing above the 88p level, to its highest level since mid-2023. It opens this morning just under the 88p mark.

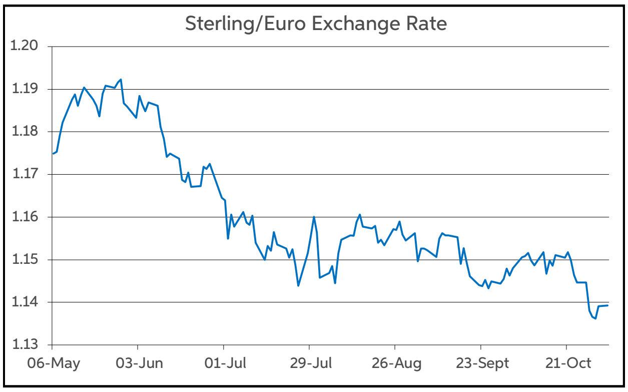
Looking ahead to this week, it’s the turn of the BoE to come under the monetary policy spotlight. No rate changes are envisaged on Thursday, but the market will be looking for any signals on the possibility of a rate cut at its final meeting of the year, in December. Futures contracts are currently attaching around a 70% probability to a rate cut before year end. Data-wise, the US schedule remains impacted by the government shutdown. Jolt job openings (Sept) and the ISM surveys (Oct) are the main releases of note from the US. The main highlight from a quiet Eurozone diary are retail sales (Sept).

John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/USD	1.1536	-0.27	11.43
EUR/GBP	0.8775	-0.23	6.07
GBP/USD	1.3143	-0.05	5.05
GBP/EUR	1.1391	0.23	-5.72
USD/JPY	154.21	0.19	-1.89
EUR/JPY	177.92	-0.07	9.32

* 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	3.99	3.88	3.59	3.65	3.67
EUR	2.00	1.92	2.04	2.13	2.15	2.35
GBP	4.00	3.90	3.86	3.64	3.78	3.86

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

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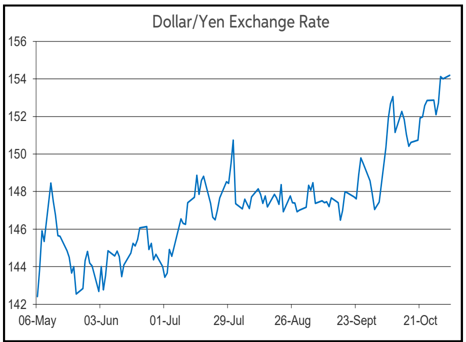
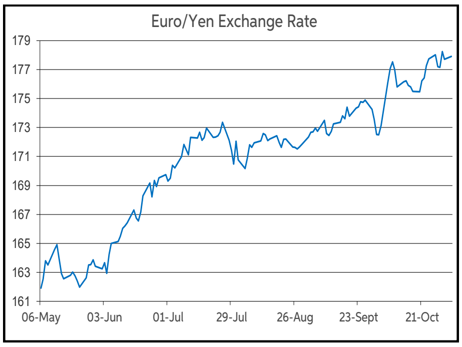
AIB

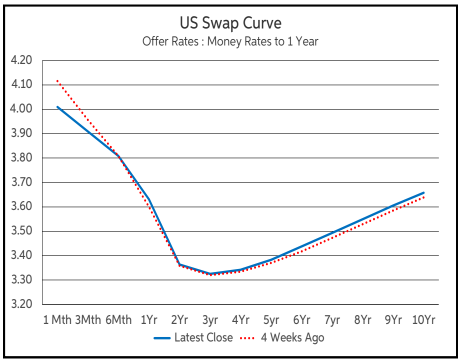
Euro	
EUR/GBP	0.8775
EUR/USD	1.1536
EUR/JPY	177.92
EUR/SEK	10.9398
EUR/DKK	7.4674
EUR/NOK	11.6593
EUR/CHF	0.9275
EUR/AUD	1.7599
EUR/HKD	8.9667
EUR/CAD	1.6162

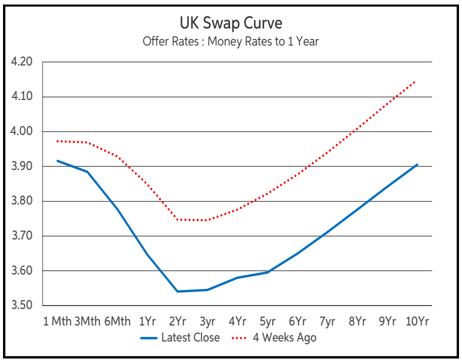
Sterling	
GBP/EUR	1.1391
GBP/USD	1.3143
GBP/CAD	1.8413
GBP/NZD	2.2948
GBP/JPY	202.68
GBP/SEK	12.463
GBP/DKK	8.5053
GBP/NOK	13.2841
GBP/CHF	1.0566
GBP/AUD	2.005

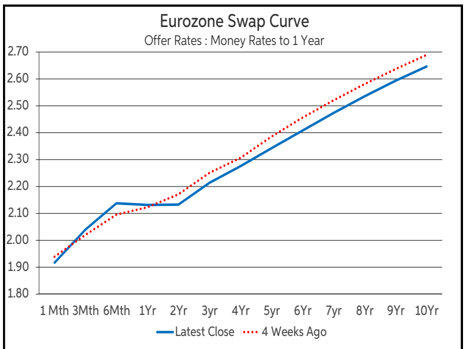
Dollar	
USD/JPY	154.21
USD/CAD	1.4012
USD/CHF	0.804
USD/CNY	7.1147
USD/BRL	5.3752
USD/RUB	80.7
USD/INR	88.783
AUD/USD	0.6553
NZD/USD	0.5725

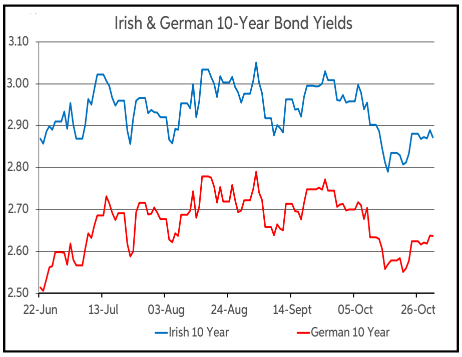












Debt Markets

	Close	Change bps Day	Change bps 4 Weeks	Change bps End 24
10 Year Yield %				
US	4.10	+1	-2	-48
Germany	2.64	-0	-6	+27
UK	4.41	-2	-29	-17
Ireland	2.87	-2	-9	+22
Belgium	3.17	-0	-7	+19
France	3.42	+0	-9	+23
Italy	3.38	-1	-16	-14
Spain	3.14	-1	-9	+8
Portugal	3.00	-1	-10	+15
Greece	3.29	+0	-9	+4
5 Year Swap %				
US	3.64	-0	+2	-65
Eurozone	2.33	-1	-5	+9
UK	3.85	-1	-20	-43
2 Year Swap %				
US	3.63	-0	+2	-70
Eurozone	2.12	-2	-2	-7
UK	3.77	-2	-21	-71
10 Year Government Bond Spreads to Benchmark bps				
Ireland	23	-2	-2	-5
Belgium	53	-0	-1	-9
France	78	+1	-3	-5
Italy	75	-1	-9	-41
Spain	50	-1	-3	-20
Portugal	36	-1	-4	-12
Greece	65	+0	-3	-23

Commodities

	Close	% Change Day	% Change 4 Weeks	% Change End 24
Brent Oil	65.07	+0.11	+0.84	-12.82
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold $	4001.8	-0.53	+2.98	+52.52

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