

## Dollar firms in the aftermath of the Fed meeting

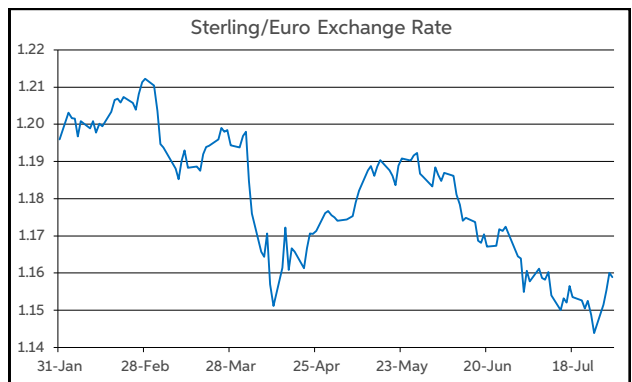
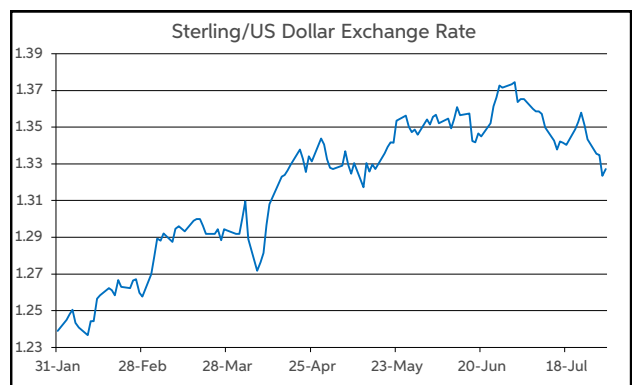
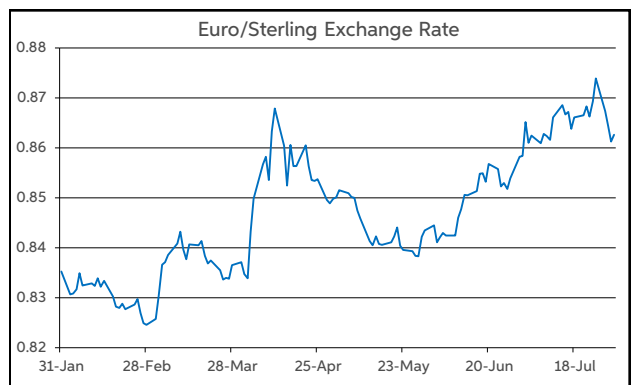
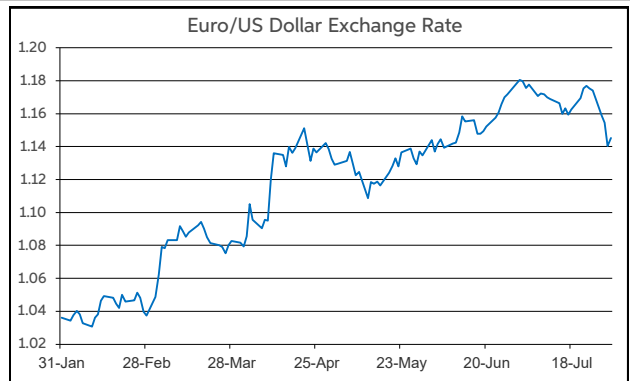
As expected, the Fed left interest rates on hold for a fifth consecutive meeting yesterday. However, two governors (Waller and Bowman) dissented, with both preferring to cut rates by 25bps. Despite the apparent dovish shift by some members of the FOMC, Chair Powell struck a somewhat hawkish tone at the post-meeting press conference. Against this backdrop, US futures contracts firmed. Market pricing now suggests that there is roughly a 50% chance (was 65%) the Fed cuts at its next meeting in September, and circa 35bps of policy easing (was 45bps) is expected by year end. Elsewhere on the monetary policy front, the BoJ also left rates unchanged overnight, as anticipated.

Data-wise, the first reading of US GDP for Q2 printed above the consensus. GDP expanded by 3.0% annualised (vs. 2.4% f'cast) in the quarter, largely owing to a sharp reversal in imports, which surged in Q1 as firms tried to front-run tariffs. Overall though, there has been a marked slowdown in underlying US activity in the first half of the year, with consumption and investment expanding at a weaker pace. Elsewhere, the first reading of Eurozone GDP for Q2 also beat expectations, albeit growth slowed markedly, rising by 0.1% in the quarter (vs. 0% f'cast) from 0.6% in Q1.

On the currency front, the dollar remained firmly in the ascendancy yesterday. The greenback was supported by the strong headline US GDP number and by the aforementioned firming in US rate expectations. This is reflected by EUR/USD opening this morning back at the midpoint of \$1.14-1.15. GBP/USD is operating down below the \$1.33 mark. EUR/GBP is in the lower half of 86-87p.

Turning to the day ahead, the focus will remain on the US data calendar, which features core-PCE inflation. It is forecast to remain at 2.7% in June. Meantime, the flash estimates of German, French and Italian HICP inflation for July are also due.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1453	-0.84	10.62
EUR/GBP	0.8626	-0.28	4.27
GBP/USD	1.3275	-0.55	6.11
GBP/EUR	1.159	0.28	-4.09
USD/JPY	148.92	0.52	-5.26
EUR/JPY	170.59	-0.32	4.82

\* 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	4.38	4.34	4.31	4.03	3.97	3.86
EUR	2.00	1.90	2.03	2.05	2.10	2.36
GBP	4.25	4.03	3.99	3.79	3.92	4.00

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

Thursday 31 July 2025  
07:52 am



## Euro

EUR/GBP	0.8625
EUR/USD	1.1453
EUR/JPY	170.61
EUR/SEK	11.1497
EUR/DKK	7.4622
EUR/NOK	11.7736
EUR/CHF	0.9297
EUR/AUD	1.7696
EUR/HKD	8.9881
EUR/CAD	1.5824

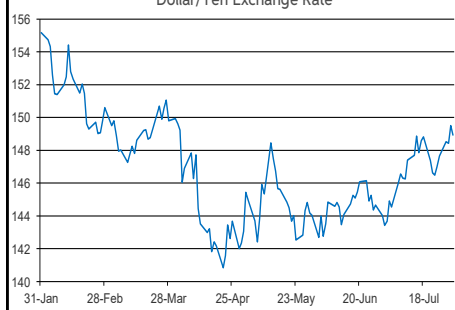
## Sterling

GBP/EUR	1.159
GBP/USD	1.3275
GBP/CAD	1.8338
GBP/NZD	2.2374
GBP/JPY	197.74
GBP/SEK	12.922
GBP/DKK	8.647
GBP/NOK	13.6451
GBP/CHF	1.0771
GBP/AUD	2.0508

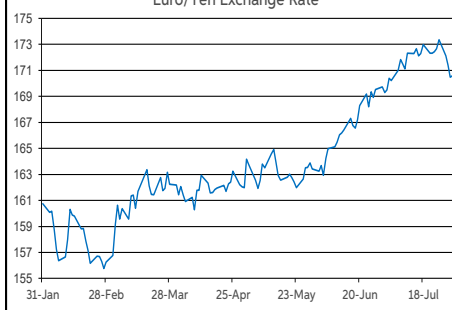
## Dollar

USD/JPY	148.94
USD/CAD	1.3819
USD/CHF	0.8116
USD/CNY	7.1914
USD/BRL	5.5765
USD/RUB	80.8
USD/INR	87.497
AUD/USD	0.647
NZD/USD	0.593

Dollar/Yen Exchange Rate

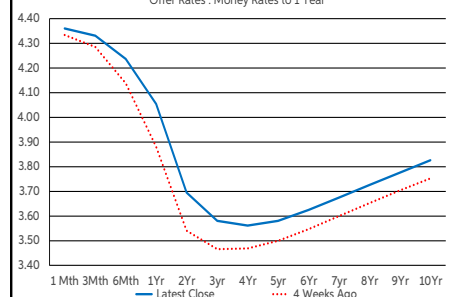


Euro/Yen Exchange Rate



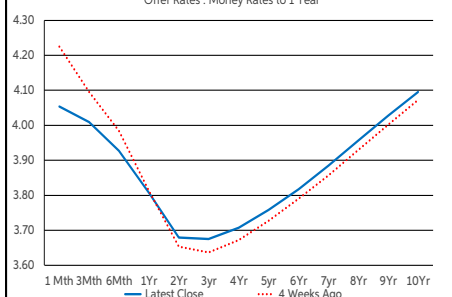
US Swap Curve

Offer Rates : Money Rates to 1 Year



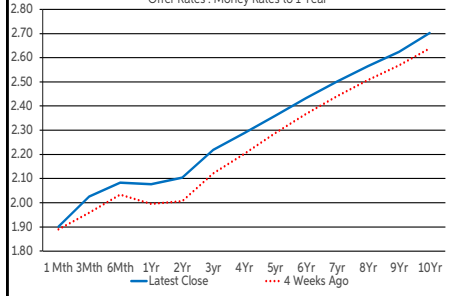
UK Swap Curve

Offer Rates : Money Rates to 1 Year

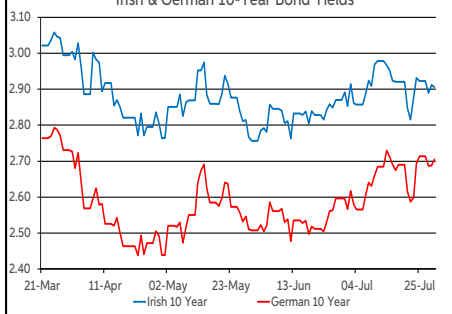


Eurozone Swap Curve

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	4.38	+5	+9	-20
Germany	2.71	+2	+9	+34
UK	4.60	-3	-1	+3
<b>5 Year Swap %</b>				
US	3.85	+6	+10	-44
Eurozone	2.36	+1	+7	+12
UK	4.00	-1	+4	-29
<b>2 Year Swap %</b>				
US	3.96	+8	+17	-38
Eurozone	2.10	+4	+10	-9
UK	3.92	+0	+3	-57
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	23	-2	-11	-6
Belgium	52	-1	-6	-10
France	65	-1	-5	-18
Italy	85	+0	-7	-31
Spain	59	+0	-7	-12
Portugal	44	+1	-4	-5
Greece	70	-0	-6	-18

## Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	73.24	+1.01	+5.98	-1.88
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3274.7	-1.55	-2.45	+24.81

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