Morning Comment

AIB Treasury Economic Research Unit

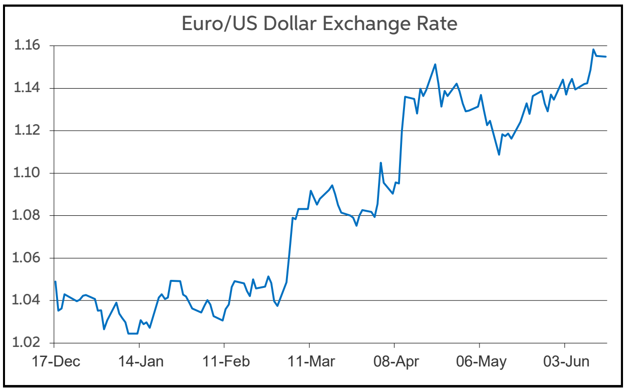
Monday 16 June 2025
07:18 am

Key central bank meetings ahead this week

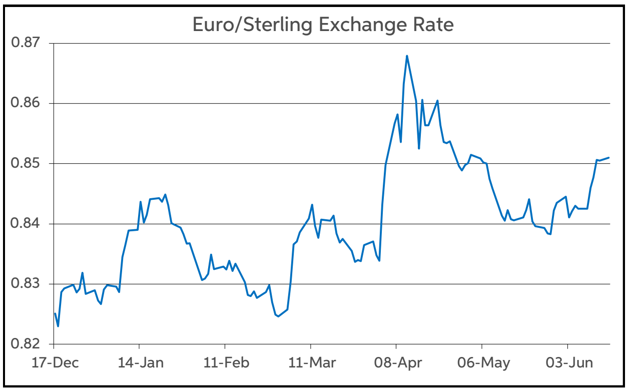
A key feature of currency markets last week was a further episode of US dollar weakness. The greenback has been on the back foot over recent months amid tariff and fiscal uncertainty/concerns clouding the outlook for the US economy. Last week's move lower coincided with some softer than expected inflation numbers for May (CPI & PPI) as well as signs of weakness in the labour market (jobless claims). This saw an easing in rate expectations, with future contracts pricing around 55bps of Fed rate cuts by year end (was 45bps at start of last week). At the same time, the euro maintained its upward momentum that arose in the aftermath of the previous week's ECB meeting when the central bank sounded less dovish on the rates outlook for the Eurozone. Comments from a number of Governing Council members last week reinforced this tone and in turn provided support to the single currency.

All of the above combined to see EUR/USD push up through the $1.16 level and post a fresh year-to-date high at $1.163. Dollar weakness was also evident in GBP/USD registering its own new YTD peak at $1.363, while USD/JPY tested below the ¥143 handle. Meantime, the firmer euro was further reflected in EUR/GBP moving up briefly to the midpoint of 85-86p. Geopolitical concerns (escalation of conflict between Israel and Iran) though saw the dollar regain some ground, while the euro gave up some gains as the week came to a close. EUR/USD traded back below the $1.16 threshold.

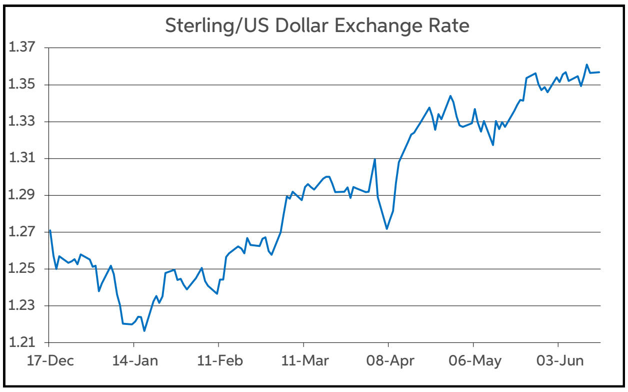
This week, while developments in the Middle East will be in focus for markets, there are also some key central bank meetings on the agenda. Neither the Fed (Wed) nor the BoE (Thur) are expected to change policy. The meetings though will be closely followed for any insight on the potential timing of rate cuts. Therefore, both meetings entail event risk for the respective currencies. The BoJ is also expected to stand pat. Data-wise, CPI (UK) and retail sales (US & UK) are some of the main highlights. The Eurozone diary is quiet.
John Fahey, Senior Economist, AIB



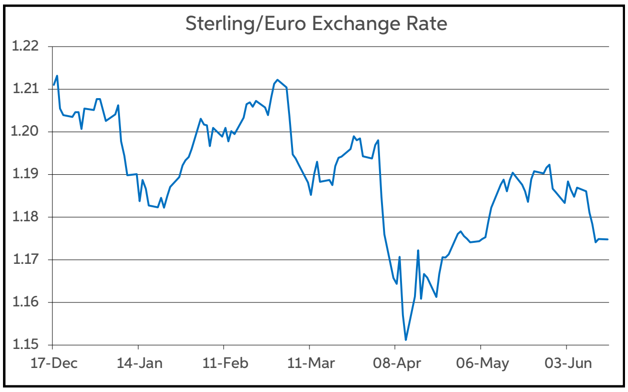
Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



Sterling/Euro Exchange Rate

Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/USD	1.1549	0.22	11.55
EUR/GBP	0.851	-0.06	2.86
GBP/USD	1.3568	0.27	8.45
GBP/EUR	1.1745	0.06	-2.78
USD/JPY	144.08	0.30	-8.33
EUR/JPY	166.42	0.52	2.25

* 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	4.38	4.31	4.31	4.05	4.03	3.96
EUR	2.00	1.92	2.00	2.01	2.00	2.25
GBP	4.25	4.19	4.13	3.88	4.02	4.04

All rates quoted are indicative market rates

See Next Page For More Rates &

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

All Data Sourced from Refinitiv

Opening Levels

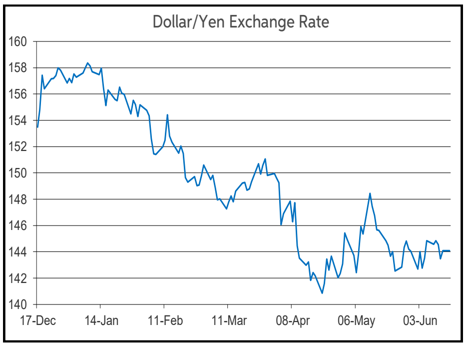
Monday 16 June 2025
07:18 am

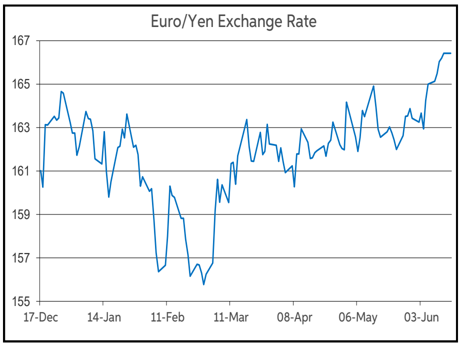
AIB

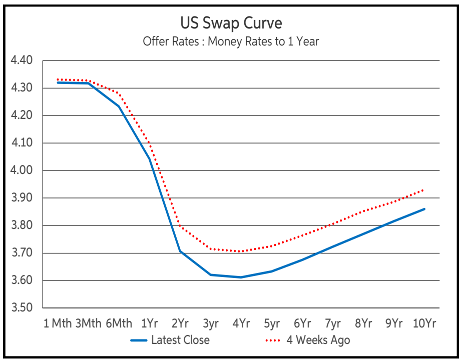
Euro	
EUR/GBP	0.851
EUR/USD	1.1549
EUR/JPY	166.42
EUR/SEK	10.9732
EUR/DKK	7.4588
EUR/NOK	11.4403
EUR/CHF	0.9377
EUR/AUD	1.7778
EUR/HKD	9.0663
EUR/CAD	1.5689

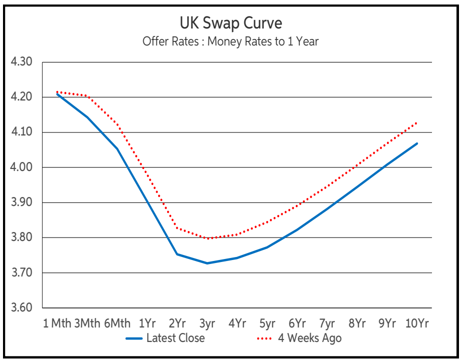
Sterling	
GBP/EUR	1.1745
GBP/USD	1.3568
GBP/CAD	1.8431
GBP/NZD	2.251
GBP/JPY	195.49
GBP/SEK	12.8904
GBP/DKK	8.7596
GBP/NOK	13.439
GBP/CHF	1.1011
GBP/AUD	2.0879

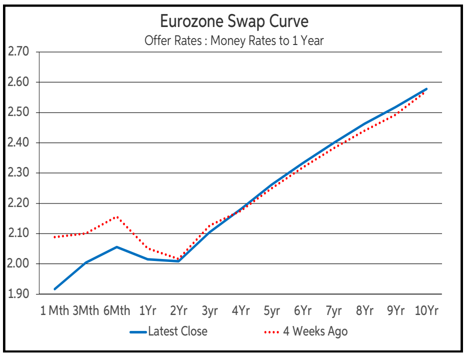
Dollar	
USD/JPY	144.08
USD/CAD	1.3585
USD/CHF	0.8116
USD/CNY	7.1819
USD/BRL	5.5437
USD/RUB	79.25
USD/INR	86.092
AUD/USD	0.6496
NZD/USD	0.6024

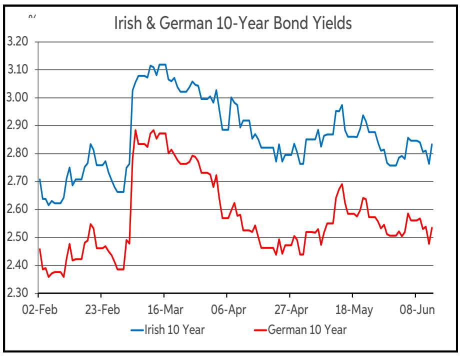












Debt Markets

	Close	Change bps Day	4 Weeks	End 24
10 Year Yield %				
US	4.42	+7	-1	-15
Germany	2.54	+6	-5	+17
UK	4.55	+7	-9	-2
Ireland	2.87	+7	-0	+22
Belgium	3.11	+8	-2	+13
France	3.26	+7	-1	+6
Italy	3.49	+7	-12	-3
Spain	3.16	+8	-5	+10
Portugal	3.05	+7	-5	+20
Greece	3.28	+3	-8	+3
5 Year Swap %				
US	3.90	+3	-10	-39
Eurozone	2.26	+5	+1	+2
UK	3.99	+5	-9	-29
2 Year Swap %				
US	3.96	+2	-8	-37
Eurozone	2.00	+3	-1	-19
UK	3.98	+6	-8	-51
10 Year Government Bond Spreads to Benchmark bps				
Ireland	34	+1	+5	+5
Belgium	57	+2	+3	-4
France	72	+1	+4	-11
Italy	95	+1	-7	-20
Spain	63	+2	-0	-8
Portugal	51	+2	+0	+3
Greece	75	-3	-3	-14

Commodities

	Close	% Change Day	4 Weeks	End 24
Brent Oil	74.23	+7.02	+13.48	-0.55
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold $	3432.2	+1.42	+7.18	+30.81

AIB, 10 Molesworth Street, Dublin 2 Tel: 353-1-6600311