

Fed cut rates by 25bps. BoE decision due today

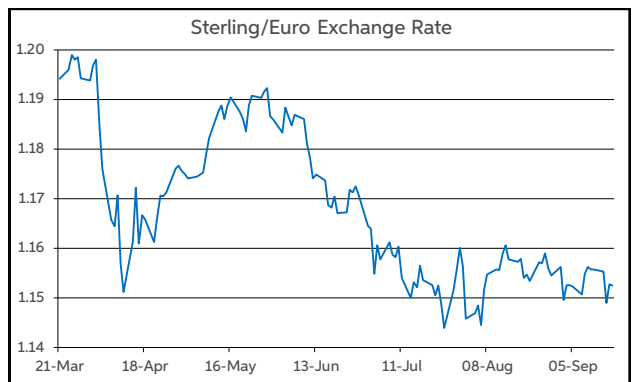
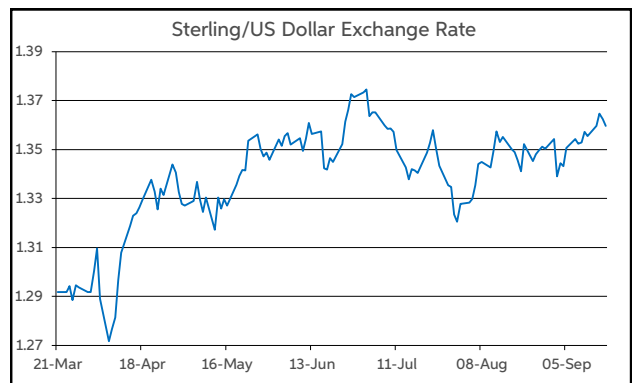
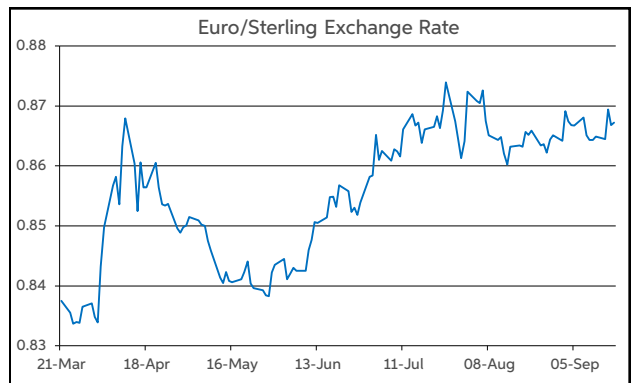
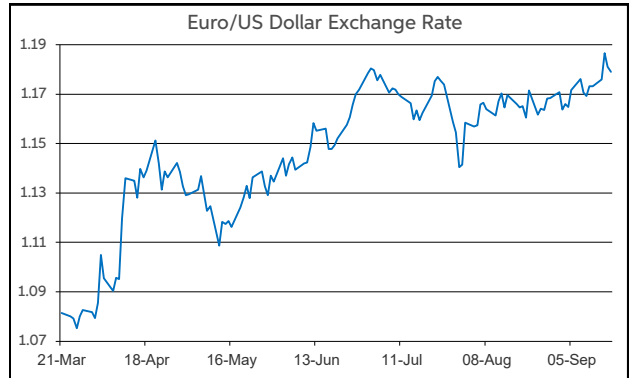
In line with market expectations, the Fed opted to cut rates by 25bps, after the close in Europe yesterday. It is the first time the Fed has cut rates since December last year. The Fed Funds target range is now back at 4.00-4.25%. However, the decision to cut by 25bps was not unanimous. Freshly appointed Governor Miran voted to cut rates by 50bps. All of the other 11 voters were in favour of the 25bps cut.

Meanwhile, the Fed also released its updated summary of economic projections. Overall, the Fed revised up its median growth projection to 1.6% y/y in Q4. However, the updated interest rate dotplot contained a dovish shift, albeit there remains a wide dispersion of views on the FOMC. The median projection is now for 50bps of further policy easing by year end, which would see the FF target range end the year at 3.50-3.75%. At the same time, Chair Powell struck a balanced tone at the press conference. He acknowledged the recent weakness in the labour market but emphasised that the US economy is still in a relatively healthy situation.

Against this backdrop, market rate expectations are little changed overall. Current pricing suggests the market sees a 90% chance the Fed will cut rates at its next meeting in October, and a total of 45bps of further easing is expected by year end. On the currency front, the dollar finished the day up by circa 0.5% versus the euro, despite spiking to a fresh year-to-date high of \$1.1919 yesterday. This sees EUR/USD start today back below \$1.18. GBP/USD is just under the \$1.36 mark. Elsewhere, EUR/GBP remains in the top half of 86-87p.

Today, the monetary policy spotlight will shift to the Bank of England. However, the BoE is expected to leave rates on hold, with market pricing suggesting there is less than a 5% chance of a change. The focus will be on the meeting statement and the MPC voting split, for any guidance on the future path of rates. Potential alterations to the quantitative tightening programme will also garner attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1791	-0.53	13.89
EUR/GBP	0.8672	-0.17	4.82
GBP/USD	1.3596	-0.32	8.67
GBP/EUR	1.1529	0.17	-4.60
USD/JPY	147.47	0.70	-6.18
EUR/JPY	173.9	0.18	6.85

* 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	4.13	4.14	4.00	3.57	3.56	3.54
EUR	2.00	1.91	2.02	2.09	2.13	2.35
GBP	4.00	3.96	3.96	3.85	3.99	4.02

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 18 September 2025
07:38 am



Euro

EUR/GBP	0.8672
EUR/USD	1.1791
EUR/JPY	173.9
EUR/SEK	10.9911
EUR/DKK	7.4644
EUR/NOK	11.6153
EUR/CHF	0.9326
EUR/AUD	1.7806
EUR/HKD	9.17
EUR/CAD	1.6261

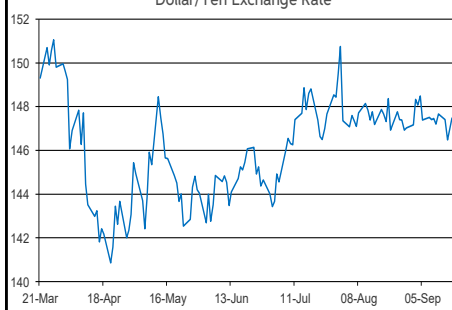
Sterling

GBP/EUR	1.1529
GBP/USD	1.3596
GBP/CAD	1.8749
GBP/NZD	2.303
GBP/JPY	200.47
GBP/SEK	12.6715
GBP/DKK	8.6048
GBP/NOK	13.3949
GBP/CHF	1.0753
GBP/AUD	2.053

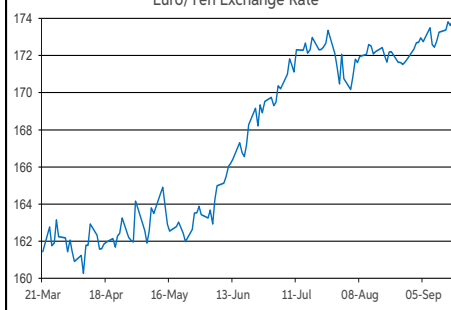
Dollar

USD/JPY	147.47
USD/CAD	1.3794
USD/CHF	0.7909
USD/CNY	7.1094
USD/BRL	5.3102
USD/RUB	83
USD/INR	88.1063
AUD/USD	0.662
NZD/USD	0.59

Dollar/Yen Exchange Rate

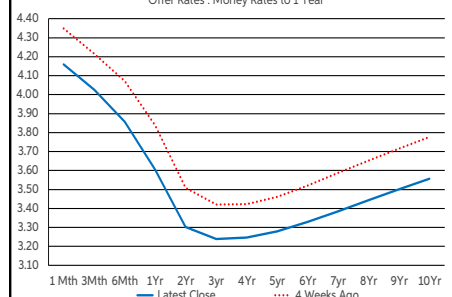


Euro/Yen Exchange Rate



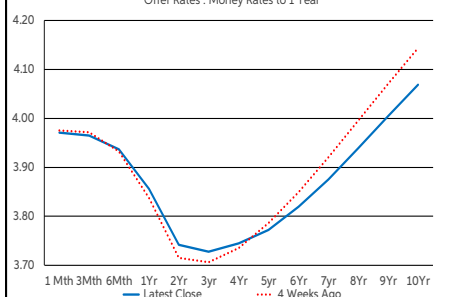
US Swap Curve

Offer Rates : Money Rates to 1 Year



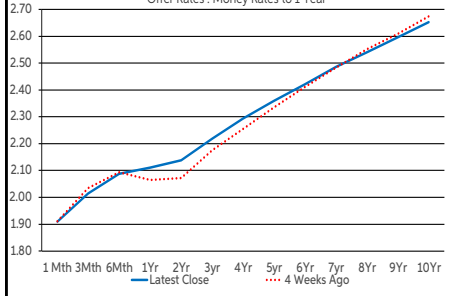
UK Swap Curve

Offer Rates : Money Rates to 1 Year

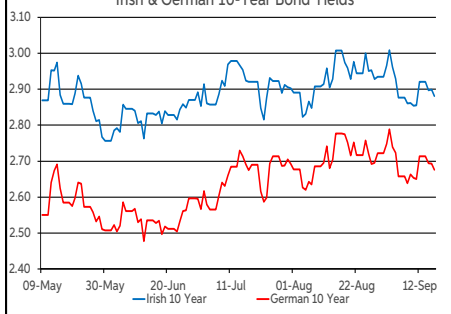


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.08	+5	-22	-50
Germany	2.68	-2	-4	+31
UK	4.63	-1	-5	+5
Ireland	2.92	-2	-5	+27
Belgium	3.22	-1	-3	+24
France	3.49	-0	+7	+29
Italy	3.50	-1	-5	-2
Spain	3.24	-1	-6	+17
Portugal	3.10	-0	-3	+25
Greece	3.37	-0	-3	+12
5 Year Swap %				
US	3.55	+8	-15	-74
Eurozone	2.36	+2	+4	+12
UK	4.03	+1	+0	-26
2 Year Swap %				
US	3.57	+4	-19	-76
Eurozone	2.13	-7	+7	-6
UK	3.99	+2	+5	-50
10 Year Government Bond Spreads to Benchmark bps				
Ireland	25	-0	-1	-4
Belgium	55	+1	+1	-7
France	81	+2	+11	-2
Italy	82	+1	-1	-34
Spain	56	+0	-2	-14
Portugal	42	+2	+1	-6
Greece	69	+1	+1	-19

Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	67.95	-0.76	+1.66	-8.96
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3659.7	-0.81	+9.35	+39.48

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