

Markets Update

Thursday, 15 October 2026

- **GBP Recovers Overnight Losses** - Cable is trading around 1.3245 this morning, recovering from yesterday's 1.3191 close as the US dollar's post-CPI rally faded. GBP/EUR is broadly steady at 1.1815, while EUR/USD has recovered to 1.1210 from yesterday's 1.1156 close.
- **US CPI hotter than expected** - September US CPI exceeded expectations, with headline inflation at +3.7% y/y (consensus: +3.6%) and core CPI up +0.3% m/m versus +0.2% forecast, lifting the annual core rate to 2.6%. Cable fell from 1.3251 to 1.3132, roughly 120 pips. Markets now price a 33% chance of a Fed rate rise at the October 27-28 meeting, up from about 20% before the data, though Fed President Daly said there is "no urgency" to act this month.
- **UK Economy defies expectations - Manufacturing posts large uplift as GDP grows for sixth straight month.** UK GDP unexpectedly grew by 0.1% in August, against forecasts of a 0.1% contraction, as manufacturing rose 1.2% m/m. The ONS identified computer programming as the main growth driver, suggesting the AI boom is supporting the real economy. Services output was flat at 0.0% m/m but beat the -0.1% consensus, while industrial output rose 0.8% against expectations of a 0.1% decline.
- **BoE Chief Economist Pill sceptical about markets pricing in four hikes** - Huw Pill said on Wednesday that "underlying UK inflation never fell enough pre-Iran shock" and "UK output and the labour market have proven more resilient," strengthening the case for another rate rise this year. However, he questioned the scale of tightening priced by traders: "I am a bit more sceptical about market pricing of four rate hikes over the next year."
- **US Data deluge - PPI, retail Sales & jobless claims test nerves after hot CPI** - Key US manufacturing, jobless claims and retail sales data are due today at 13:30 BST and could trigger further market volatility.

Market rates at opening

GBP/USD	1.3243
GBP/EUR	1.1814
EUR/USD	1.1209
EUR/GBP	0.8463
GBP/AUD	1.9085
GBP/CAD	1.8821
GBP/CHF	1.0994
GBP/DKK	8.8308
GBP/HKD	10.3927
GBP/JPY	209.1200
GBP/NOK	12.6189
GBP/NZD	2.3592
GBP/SEK	13.2242
USD/CNY	6.6924

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