Markets Update

Monday, 20 July 2026

- **Geopolitical risk remains the dominant macro-overlay.** Brent crude has broken above $90 a barrel as US strikes on Iran enter a ninth day. This is reigniting inflation concerns and pushing 30-year US Treasury yields back above 5%. Futures markets now price a 60% chance of a Fed rate hike as early as September. For sterling, a sustained oil price spike would complicate the BoE's inflation calculus and could weigh on UK growth expectations.
- **GBP/USD opens modestly firmer at 1.3462, consolidating after a third consecutive weekly gain**. Cable posted gains for a third straight week, supported by recent UK economic growth data and expectations for greater political certainty as incoming Prime Minister Andy Burnham prepares to name a new chancellor.
- **GBP/EUR is trading at 1.1769, hovering just above Friday's 1.1756 close.** The pair pulled back over the latter part of last week from a Tuesday high of 1.1826 to close at 1.1756 on Friday. The key event for the cross this week is the ECB rate decision and press conference on Thursday at 12:45 GMT. The ECB is widely expected to hold rates at 2.25% following June's hike, but markets are almost fully priced for a further rise at the September meeting, which could limit EUR downside and keep GBP/EUR capped near current levels.
- **EUR/USD rallies ahead of major interest rate decision.** The EUR/USD finished the week stronger at 1.1439 from a starting position last week of 1.1385. Markets believe there could be a continued rally if the USD softness continues throughout this week.
- **Key calendar events this week**: BoE speech (Tue), ECB decision (Thu), US preliminary PMIs and new home sales, plus the UK chancellor appointment. For the US, preliminary S&P Global PMIs and new home sales are the notable data releases. Looking slightly further ahead, the FOMC meets on 28-29 Jul (a hold is 86% priced) and the BoE rate decision and Monetary Policy Report follow on 30 Jul.

Market rates at opening	
GBP/USD	1.3462
GBP/EUR	1.1769
EUR/USD	1.1437
EUR/GBP	0.8495
GBP/AUD	1.9251
GBP/CAD	1.8853
GBP/CHF	1.0863
GBP/DKK	8.7983
GBP/HKD	10.5538
GBP/JPY	218.5800
GBP/NOK	12.9595
GBP/NZD	2.3005
GBP/SEK	12.9890
USD/CNY	6.7715

CONTACT INFORMATION

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