

Markets Update

Friday, 04 July 2025

Key news

- Yesterday, sterling gained slightly, finding stability after fiscal concerns and uncertainty over Rachel Reeves' role as Britain's finance minister triggered a selloff in UK assets during the previous session. Markets were closely watching the progress of a welfare bill in parliament, where internal disagreements within the Labour party led Prime Minister Keir Starmer to retract significant spending cuts, creating a gap in public finances. The sell-off intensified amid fears of Reeves' potential replacement but was mitigated as Starmer expressed full support for the finance minister.
- This morning, the dollar trimmed its gains against the euro following President Donald Trump's successful passage of his tax cut bill, which increased pressure on countries to finalise trade agreements with the United States. Yesterday, the greenback surged after U.S. employment figures exceeded expectations, delaying the anticipated timeline for potential interest rate cuts by the Federal Reserve. Despite this rally, the dollar index, which measures the currency against major counterparts, is on course for its second consecutive weekly decline.
- On the data front, today's schedule includes Germany's industrial orders for May, industrial output figures for May from France, Italy, and Spain, along with the June construction PMIs from Germany, France, and Italy. Additionally, today is a U.S. bank holiday in observance of Independence Day.

Market rates at opening

GBP/USD	1.3669
GBP/EUR	1.1605
EUR/USD	1.1778
EUR/GBP	0.8615
GBP/AUD	2.0816
GBP/CAD	1.8552
GBP/CHF	1.1044
GBP/DKK	8.6585
GBP/HKD	10.7294
GBP/JPY	197.32
GBP/NOK	13.7743
GBP/NZD	2.2515
GBP/SEK	13.0784
USD/CNY	7.1625

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