

Markets Update

Wednesday, 18 February 2026

Key news

- Sterling gave ground to most currency peers yesterday as soft employment data in conjunction with cooling wage growth has added to bets that the Bank of England may cut interest rates to help bolster the economy.
- Looking from a BoE perspective and the outlook for inflation, the weakness in the employment data is pulling down wage growth and should help bring down persistent inflation. All told the pound ended the session at under €1.1450; against the greenback it gave up around a quarter of a cent to approx. \$1.3550
- This morning we have seen the publication of the latest inflation numbers from the UK and these have revealed that the official inflation rate has fallen to 3% during January, down from the 3.4% in December. This drop has been attributed to a drop in energy prices, airfares and a slight drop in food prices. The overall reading on the inflation print has been largely in line with what the markets had anticipated.
- Looking ahead to today, UK markets will spend the day digesting the inflation print and what it may mean for the outlook for interest rates. Elsewhere, the minutes of FOMC's January meeting are due for release. As ever, markets will be keeping a close eye on any clues regarding the timing for rate cuts in the US.
- In geopolitics, it is worth keeping an eye on any developments in the Ukraine / Russian peace talks although no major breakthroughs are anticipated. In the Middle East, Iran and the US have appeared to reach an understanding on key principals in nuclear talks, easing fears of a regional conflict.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3413
GBP/EUR	1.1537
EUR/USD	1.1625
EUR/GBP	0.8667
GBP/AUD	2.0424
GBP/CAD	1.8719
GBP/CHF	1.0741
GBP/DKK	8.6135
GBP/HKD	10.4392
GBP/JPY	204.4350
GBP/NOK	13.3983
GBP/NZD	2.3322
GBP/SEK	12.6481
USD/CNY	7.1200

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