

Markets Update

Tuesday, 16 June 2026

Key news

- The reaction to the news yesterday that a peace deal is due to be signed between the US and Iran has had little initial impact on the currency markets.
- Most analysts had been predicting a dollar sell-off as the unwinding of geopolitical safe-haven flows begun in earnest.
- The move may still come as more detail emerges on the deal. It is now understood that the US naval blockade of Iranian ports will cease, leading to the full opening of the Strait of Hormuz by the end of this week. Passage is expected to be toll free for at least 60 days with Iran and Oman set to manage the strait thereafter. Further talks are also scheduled on Iran's nuclear program as part of the deal.
- The expected full opening of the Strait of Hormuz has saw Brent Crude oil prices continuing to fall as it broke below \$83 per barrel overnight. The move will be welcomed by Central banks as recent higher fuel prices have been fuelling inflation outlooks. The announcement of the deal has already eased longer term interest rates.
- Overnight news saw the Bank of Japan raising its base rate by 0.25% to 1.0%. The move was expected and was in direct response to the recent increase in the cost of living owing to the Middle East war.
- Turning to the day ahead, the data calendar is relatively quiet with the German ZEW economic sentiment survey for June the main release.
- The pound opens this morning in familiar territory against the single currency around €1.1570 and holding above \$1.34 against the US dollar.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3410
GBP/EUR	1.1570
EUR/USD	1.1595
EUR/GBP	0.8644
GBP/AUD	1.8997
GBP/CAD	1.8781
GBP/CHF	1.0660
GBP/DKK	8.6458
GBP/HKD	10.5040
GBP/JPY	214.99
GBP/NOK	12.7945
GBP/NZD	2.3050
GBP/SEK	12.5991
USD/CNY	6.7587

CONTACT INFORMATION

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