

Markets Update

Wednesday, 05 November 2025

Key news

- The soft pound story continued yesterday with the UK Chancellor laying the groundwork for potential tax increases later this month in her eagerly awaited Autumn Statement.
- In an unusual press conference so close to the revealing of the Autumn Statement, Rachel Reeves framed her second budget as one of hard choices to avoid Tory party style austerity measures. The market take away from her speech is that a breaking of the labour party manifesto seems likely and that we are going to have higher taxes.
- Markets have reacted by sending the pound lower against the dollar while staying broadly level versus the single currency with the overall reaction muted in UK markets as a rise in taxes has been widely anticipated.
- Staying with the currencies, the greenback climbed to a fresh four month high against the euro as divisions in the Fed have raised questions and doubts as to whether the FOMC will cut rates again this year while a general risk off sentiment in the markets have sent investors seeking the dollar for safety.
- In terms of economic releases, today in the UK we have Service Sector PMI which is expected to show an unchanged reading from the September reading at 51.1. In the US, October ADP private sector employment report is due for release this afternoon. This release is likely to get more attention than usual due to delays in the official report. Staying in the US, ISM services Index for October will also be released. Finally in the eurozone we will receive final services and composite PMI for October.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3037
GBP/EUR	1.1345
EUR/USD	1.1492
EUR/GBP	0.8814
GBP/AUD	2.0078
GBP/CAD	1.8399
GBP/CHF	1.0555
GBP/DKK	8.4685
GBP/HKD	10.1341
GBP/JPY	200.2390
GBP/NOK	13.2946
GBP/NZD	2.3046
GBP/SEK	12.4877
USD/CNY	7.1247

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