Danske Bank Markets in Northern Ireland

Danske Bank

Markets Update

Wednesday, 16 September 2026

- **Dollar strength persists as GBP/USD, EUR/USD and GBP/EUR navigate a pivotal week.** GBP/USD is trading at 1.3478, with sterling balancing a firm dollar against supportive UK rate expectations. EUR/USD is at 1.1547, slightly above Monday's close of 1.1543. GBP/EUR has firmed to 1.1670, while EUR/GBP is at 0.8568, as markets expect the Bank of England to maintain a relatively hawkish stance while holding rates this week.
- **UK inflation reaches 3.1%, while underlying measures remain stable.** UK inflation rose to a five-month high of 3.1% in August, although measures excluding higher energy costs were unchanged. The Bank of England is expected to hold rates tomorrow. Further price pressures may emerge as domestic energy bills rise: grocery inflation increased to 2.3% in the four weeks to 6 September, while IGD forecasts food inflation of 3.9% this year and nearly 7% in 2027, reflecting Middle East disruption, higher input costs and severe El Niño effects.
- **Brent crude remains above USD 108 as supply disruptions increase.** Brent settled at USD 108.75 on Monday after rising more than 4% and reaching USD 109.45. The move followed Saudi Arabia's suspension of loadings at Yanbu and cancellation of late-September cargoes to European buyers after Houthi drone damage to the East-West Pipeline.
- **U.S. 10-year yield exceeds 5% as the global bond sell-off weighs on sentiment.** The 10-year Treasury yield reached 5.041% on Tuesday, its highest level since July 2007, while the 30-year yield rose to 5.401%. Higher oil prices and rate expectations drove selling across U.S. Treasuries, European government bonds, gilts and Japanese government bonds. Markets are pricing close to 100 basis points of Federal Reserve tightening over the next 12 months, although forecasts vary.

Market rates at opening	
GBP/USD	1.3478
GBP/EUR	1.1670
EUR/USD	1.1547
EUR/GBP	0.8568
GBP/AUD	1.8891
GBP/CAD	1.8778
GBP/CHF	1.1036
GBP/DKK	8.7221
GBP/HKD	10.5703
GBP/JPY	208.79
GBP/NOK	12.5926
GBP/NZD	2.3407
GBP/SEK	13.1730
USD/CNY	6.7057

CONTACT INFORMATION

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