

Markets Update

Friday, 12 June 2026

- Yesterday, the European Central Bank raised interest rates for the first time in almost three years, aiming to curb inflation before the jump in energy costs linked to the war in Iran feeds more broadly into the euro area economy. This is the first rate increase by a major global central bank in response to the energy shock and comes one week before the US Federal Reserve, the Bank of Japan, the Bank of England and several other leading institutions are due to decide on their own policy settings.
- Hopes for a peace agreement between Iran and the United States rose after President Donald Trump indicated that a deal could be reached as early as this weekend, even though Tehran said it had not yet taken a final decision. If concluded, the agreement would mark the most significant diplomatic progress to date towards ending the three month long conflict, which has claimed thousands of lives and driven global energy prices sharply higher after Iran largely closed the Strait of Hormuz to maritime traffic.
- UK April GDP data is due for release today. Survey evidence from the PMIs indicates that the economy remained in expansionary territory in April and only lost momentum in May. However, the market consensus is for monthly GDP to weaken, from 0.3% m/m in March to an estimated -0.1% m/m in April.
- In the euro area, final May inflation figures are due from Germany, France and Spain, and are expected to confirm the earlier flash estimates. The flash releases showed headline inflation picking up primarily due to higher energy prices, with Germany printing slightly below expectations.

Market rates at opening

GBP/USD	1.3398
GBP/EUR	1.1585
EUR/USD	1.1564
EUR/GBP	0.8630
GBP/AUD	1.9065
GBP/CAD	1.8731
GBP/CHF	1.0671
GBP/DKK	8.6576
GBP/HKD	10.4945
GBP/JPY	214.78
GBP/NOK	12.7602
GBP/NZD	2.3031
GBP/SEK	12.6854
USD/CNY	6.7634

CONTACT INFORMATION

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