Markets Update

Thursday, 05 November 2026

Key news

- Dollar weakness was the main theme in currency markets yesterday as the greenback retreated after a convincing victory by the Democrats in the US midterm elections. The victory has removed a source of uncertainty for the market while investors gauged potential for regulatory changes.
- Away from the political shift in the US, expectations for the Fed and its hiking cycle remain largely unchanged with a 25bps hike forecast at the December Fed meeting.
- Returning to the currencies, the pound was at one stage over $1.35,a fresh seven week high ahead of the BoE's rate announcement which is due later today.
- Overnight, brent crude has dropped to around USD$94/95 per barrel, a 2 month low. With no new geopolitical headlines, the move appears to be driven largely by the Democratic blue wave in the US midterms, which raises expectations of political pressure on the Trump administration to end the Iran conflict and potential Congressional constraints on Middle East military funding.
- Looking ahead to today, attention centres on the BoE where they are widely expected to deliver a 25bps rate hike to 4% to contain inflation risks. Recent communication from MPC members has been hawkish and the market view is that there will be solid majority for the first hike in over three years. Focus will be on the MPC vote split and forward guidance on further tightening.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3480
GBP/EUR	1.1986
EUR/USD	1.1246
EUR/GBP	0.8342
GBP/AUD	1.9215
GBP/CAD	1.8804
GBP/CHF	1.1001
GBP/DKK	8.9590
GBP/HKD	10.5756
GBP/JPY	213.2200
GBP/NOK	12.5207
GBP/NZD	2.3907
GBP/SEK	13.1434
USD/CNY	6.6701

CONTACT INFORMATION

Contact Markets on 028 9089 1111 / 028 9089 1100

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EMAIL: ***markets@danskebank.co.uk*** **WEBSITE:** ***www.danskebank.co.uk***

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