

Markets Update

Friday, 29 August 2025

Key news

- The latest euro area bank lending numbers published yesterday came to a two year high in July on the back of lower interest rates and a gradual economic recovery with both loans to households and credit to companies increasing.
- Across the Atlantic, US Q2 GDP growth was revised up to 3.3% driven by strong consumer spending and increased investment in AI.
- Looking at geopolitics, Britain, France and Germany triggered the snapback mechanism, launching a 30 day process to reinstate UN sanctions on Iran over alleged violations of the 2015 nuclear deal. Iran has criticised the move as harmful to diplomacy but left the door open for engagement, while the UN security council is set to discuss the issue further behind closed doors.
- Looking at the currencies, sterling edged up against a weakening dollar on Thursday as traders continued to worry about threats to the US bank's independence. EUR/USD also inched higher during the course of the day although it appears the greenback has recovered parts of yesterday's move overnight.
- Looking ahead to today, the main focus will be stateside with the publication of the July PCE. Consensus expects the headline figure to decline month on month with core PCE inflation to remain steady at 0.3% m/m. In the afternoon, University of Michigan's revised August consumer sentiment survey will be released. While inflation expectations declined from May to July, the preliminary data showed that new tariffs appear to have caused renewed concerns in August.
- Elsewhere, flash August inflation data from Germany, France, Italy and Spain are released ahead of the euro area aggregate.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3486
GBP/EUR	1.1561
EUR/USD	1.1665
EUR/GBP	0.8650
GBP/AUD	2.0646
GBP/CAD	1.8546
GBP/CHF	1.0811
GBP/DKK	8.6294
GBP/HKD	10.5083
GBP/JPY	198.4430
GBP/NOK	13.5764
GBP/NZD	2.2897
GBP/SEK	12.7889
USD/CNY	7.1324

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