

Markets Update

Friday, 22 May 2026

Key news

- UK PMI data was to the fore yesterday, and it showed business activity weakened notably in May 2026 as political uncertainty and the war in the Middle East weighed heavily on the economy.
- The flash composite PMI fell to a 13-month low at 48.5, whilst services sank to 47.9, the weakest level since 2021. However, the manufacturing PMI did hold up better than expected. Firms reported falling output, rising inflation, supply shortages and job cuts, leaving the Bank of England torn between tackling inflation and avoiding a deeper downturn.
- It was a similar bleak picture in the Eurozone with the composite PMI falling to 47.5 from a forecast 48.8 – a sub 50 reading indicating contraction.
- The news in the US was more positive with the composite PMI unchanged at 51.7 and the manufacturing sector surprising on the upside.
- In early news today, UK retail sales figures for April showed sales declined by 1.3% in the month, largely due to a sharp drop in fuel sales as prices spiked.
- A busy week in terms data will conclude with the latest German Ifo survey and the University of Michigan measure of consumer confidence.
- Reaction to the weak UK retail sales numbers has been muted on the currency market with the pound remaining above \$1.34 against the dollar and holding €1.1550 against the single currency.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3430
GBP/EUR	1.1567
EUR/USD	1.1607
EUR/GBP	0.8644
GBP/AUD	1.8825
GBP/CAD	1.8517
GBP/CHF	1.0557
GBP/DKK	8.6443
GBP/HKD	10.5220
GBP/JPY	213.65
GBP/NOK	12.417
GBP/NZD	2.2902
GBP/SEK	12.5618
USD/CNY	6.7919

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