Markets Update

Friday, 25 September 2026

Key news

- **Sterling softens across the board as dollar demand dominates**
  All three major pairs tracked lower over the past week, with the dollar the primary driver of moves. GBP/USD fell 1.20% from 1.3395 as surging US Treasury yields — with the 10-year reaching 5.17% — bolstering dollar demand. EUR/USD declined 0.82% from 1.1486, while GBP/EUR slipped a more modest 0.39% from 1.1661, suggesting broadly similar pressure on both European currencies relative to the dollar rather than significant sterling-specific underperformance.
- **Oil remains volatile as markets watch Hormuz diplomacy**
  Brent is currently trading at $104.76/bbl below yesterday highs above $107/bbl after Saudi Arabia intercepted six Houthi missiles. Reported US–Iran talks on reopening the Strait of Hormuz are tempering supply concerns, although signals remain mixed. Possible US diesel export restrictions are also adding to European energy concerns.
- **Inflation remains above target**
  August CPI was 3.4% in the US, 3.2% in the Eurozone and 3.1% in the UK. Bloomberg's 2026 forecasts are 3.3%, 2.9% and 3.1%, respectively, with higher oil prices adding near-term upside.
- **Fed pricing points to further tightening**
  With the policy rate at 4.00%, markets are pricing a 70.4% probability of an October hike, reflecting persistent inflation and elevated energy prices.
- **BoE and ECB also priced for rate increases**
  Markets currently imply the BoE rate will rise from 3.75%, with an 83.9% probability of a November move. The market is also expecting further ECB tightening with a 44.4% probability of an October hike.
- **Quiet day ahead**
  The macro calendar is light today on both sided of the Atlantic. However, the last day of the US-China summit alongside developments in the Middle East will remain in focus

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3234
GBP/EUR	1.1618
EUR/USD	1.1390
EUR/GBP	0.8606
GBP/AUD	1.8832
GBP/CAD	1.8716
GBP/CHF	1.0971
GBP/DKK	8.6840
GBP/HKD	10.3772
GBP/JPY	208.93
GBP/NOK	12.6020
GBP/NZD	2.3350
GBP/SEK	13.107
USD/CNY	6.7125

CONTACT INFORMATION

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