Danske Bank Markets in Northern Ireland

Markets Update

Monday, 14 September 2026

- **GBP/USD softens as markets brace for a pivotal Fed decision.** Markets are pricing an 87% probability of a 25bp Fed rate hike on Wednesday, which would take the Fed funds rate to 3.75-4.00%, its first increase since July 2023. Cable is trading around 1.3490 this morning, down from Friday's close near 1.3518, as the stronger dollar weighs on the pair. US core inflation came in at 0.3% m/m in August, reinforcing market expectations for tighter monetary policy.
- **EUR/USD slips as rate divergence favours the dollar**. EUR/USD has eased to around 1.1555, compared with Friday's close near 1.1598, as the hawkish repricing of Fed expectations supports dollar demand. Markets think the ECB's own tightening cycle is continuing.
- **GBP/EUR steady as BoE hold expected, but hawks may circle**. GBP/EUR is trading near 1.1675 (EUR/GBP around 0.8565), broadly flat on the week, with markets expecting the Bank of England to hold Bank Rate at 3.75% on Thursday. Sterling remains caught between oil-driven inflation risks and a fragile labour market.
- **Geopolitical risk premium persists as Middle East conflict pushes oil above USD 107/bbl**. Brent crude has gapped higher to around USD 107/bbl this morning, up over 2%, after Saudi Arabia shut its East-West Pipeline following drone attacks launched from Iraq, and Iranian strikes targeted tankers attempting to cross the Strait of Hormuz.
- **UK data calendar sets the stage for Thursday's BoE decision.** Tuesday brings UK labour market data, with markets expecting the rate to edge up to 5.0% from 4.9%. Wednesday's August CPI is expected to show headline inflation rising to 3.1% y/y from July's 2.9%, with underlying inflation forecast around 2.6%. European Inflation and UK retail sales will complete the week, and analysts believe that the markets could have many peaks and troughs to navigate.

Market rates at opening	
GBP/USD	1.3490
GBP/EUR	1.1675
EUR/USD	1.1555.
EUR/GBP	0.8565
GBP/AUD	1.8898
GBP/CAD	1.8721
GBP/CHF	1.1045
GBP/DKK	8.7286
GBP/HKD	10.5809
GBP/JPY	208.29
GBP/NOK	12.5452
GBP/NZD	2.3340
GBP/SEK	13.1478
USD/CNY	6.7075

CONTACT INFORMATION

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