

Markets Update

Friday, 19 June 2026

Key news

- The Bank of England policy announcement was the main update yesterday and as expected the central bank left its key reference rate at 3.75%. The split in vote was 7-2 in favour of holding, with the two dissenters voting for an immediate hike of 0.25%.
- The easing of energy prices via the US-Iran deal has reduced the urgency to hike, but persistent above target inflation and the risk of second round effects is likely to keep the MPC's bias tilted toward tightening rather than easing.
- In news overnight, Labour's Andy Burnham won the Makerfield by-election which is expected to lead to a challenge to Keir Starmer as party leader and prime minister.
- The political uncertainty which is now likely to ramp up in the coming days is already feeding into the currency markets with the pound giving up ground against a basket of currencies.
- The downward move for sterling has been most pronounced against the dollar as it looks set to test below \$1.32. The pound was comfortably holding above \$1.34 at the start of the week, but softer than anticipated UK inflation data along with a hawkish US Federal Reserve interest rate update has weighed heavily- that was all before the political uncertainty that has emerged overnight.
- In early trade today the pound has taken some relief after the early print of much stronger than expected UK retail sales numbers for May, rising by 1.2% against a forecast 0.4% increase.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3204
GBP/EUR	1.1508
EUR/USD	1.1454
EUR/GBP	0.8675
GBP/AUD	1.8822
GBP/CAD	1.8676
GBP/CHF	1.0653
GBP/DKK	8.6199
GBP/HKD	10.349
GBP/JPY	212.95
GBP/NOK	12.8338
GBP/NZD	2.3012
GBP/SEK	12.67
USD/CNY	6.8199

CONTACT INFORMATION

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