Danske Bank Markets in Northern Ireland

Danske Bank

Markets Update

Friday, 31 October 2025

Key news

- The pound remains on the backfoot this morning after a challenging week. Sterling has felt the effects of investor concerns that Chancellor Rachel Reeves may face a backlash to a tough budget at the end of November.
- The Office of Budget Responsibility (OBR) has forecasted that the overall productivity of the economy could decline by 0.3%, a scenario that is expected to increase the fiscal budget gap by c£21billion. That type of scenario may force the Chancellor to raise taxes or increase borrowing which would be at odds to the Labour Party election manifesto which stated that it wouldn't increase income tax, National Insurance or Vat for working people and also wouldn't borrow to fund day-to-day spending.
- Further afield there was some positive noises late yesterday that a de-escalation of trade tensions between the US and China could be achieved. Leaders Donald Trump and Xi Jingping met for the first time in six years and whilst the talks didn't lead to a formal agreement the announcements suggest they are closer to a deal as behind-the scenes negotiations continue.
- On the data front yesterday, there was little reaction to the news the ECB left interest rates on hold and gave few clues to the future path of rates. Today the focus remains on the Eurozone with the flash reading of HICP inflation data for October.
- In early trade the US dollar has maintained its much firmer tone as expectations for a further US interest rate cut in December has eased. The weaker pound opens below $1.3150 against the dollar and close to €1.1375 against the euro.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3140
GBP/EUR	1.1358
EUR/USD	1.1567
EUR/GBP	0.8803
GBP/AUD	2.0085
GBP/CAD	1.8398
GBP/CHF	1.0545
GBP/DKK	8.481
GBP/HKD	10.207
GBP/JPY	202.75
GBP/NOK	13.222
GBP/NZD	2.2968
GBP/SEK	12.3971
USD/CNY	7.1125

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