Markets Update

Friday, 11 September 2026

Key news

- **ECB Rate Decision:** As expected, the ECB raised its headline interest rate by 25bps to 2.5% yesterday, its second hike since the Iran war drove energy inflation higher. ECB staff revised up inflation forecasts for 2027–28, with 2028 now at 2.1% (above target). Lagarde offered no explicit forward guidance whilst ECB officials subsequently signalled further tightening is likely, with October now in play.
- **Equities – Risk off across the board**: There was a further sell off yesterday in global equities, driven by surging oil prices and rising Fed hike expectations.
- **Fixed Income — Global Bond Selloff Deepens:** The US 10-year Treasury yield surged 12.2bps to 4.96%, approaching the psychologically significant 5% level, its highest since 2023. The UK 10-year gilt yield rose 11.2bps to 5.37%. The selloff was amplified after the US Treasury's buyback operation ($5.19bn) came in below market expectations.
- **UK July GDP:** This morning's early data release showed UK GDP rose +0.4% m/m vs. 0.0% expected, the third consecutive month of upside surprise. The expansion was helped by a strong performance from the services sector, and particularly computer programming. Whilst July's growth figure shows the UK economy is showing resilience in the face of shocks such as the war in Iran, market analysts are still expecting growth to slow in the months ahead as high energy prices affect household budgets.
- **Key Data Due Today:** US CPI for August is the dominant release today which could lead to some USD volatility. The market expects core CPI to print at +0.2% m/m (unchanged from July). A hot print will likely cement a Fed hike next week and push the dollar and yields higher; a soft print could trigger a sharp reversal. According to the market, a Fed hike is currently 70% priced in ahead of the data.
- **Have a great weekend!**

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3515
GBP/EUR	1.1645
EUR/USD	1.1606
EUR/GBP	0.8586
GBP/AUD	1.8844
GBP/CAD	1.8700
GBP/CHF	1.0997
GBP/DKK	8.7044
GBP/HKD	10.5982
GBP/JPY	208.42
GBP/NOK	12.5501
GBP/NZD	2.3178
GBP/SEK	13.073
USD/CNY	6.7097

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