Danske Bank Markets in Northern Ireland

Danske Bank

Markets Update

Monday, 10 August 2026

- **Sterling enters the week on a firm footing against both the euro and the dollar.** GBP/USD is trading around 1.3495 and GBP/EUR around 1.1680, with cable having rallied from a low of 1.3431 on Thursday to close the week at 1.3488, supported by broad dollar weakness after Friday's unexpectedly poor US employment report. EUR/USD also pushed higher, closing at 1.1558, though sterling's outperformance is evident in EUR/GBP drifting down to 0.8565 from 0.8578 at the start of last week.
- **The US jobs report has materially shifted rate expectations.** Nonfarm payrolls fell by 23,000 in July versus consensus for a gain of 80,000, with prior months revised down by a combined 103,000 jobs. Futures markets have flipped, now pricing a 56% probability that the Fed holds rates steady at the September meeting, up from 43% before the data.
- **Government bond yields reflect the dovish repricing but remain elevated across the curve.** The US 10-year Treasury yields 4.65%, with the 2-year at 4.20%, implying the market still sees the Fed funds rate (currently 3.50-3.75%) as potentially needing to move higher - just not imminently. UK Gilts are trading at a yield premium, with the 10-year at 4.93% and the 2-year at 4.28%, while the German 10-year Bund sits markedly lower at 3.13%, keeping the transatlantic rate differential firmly in place and underpinning EUR/GBP and EUR/USD dynamics. ECB December rate hike probability has fallen to around 40%.
- **For sterling specifically, Thursday is a data-heavy day that could move the GBP crosses.** The UK releases preliminary Q2 GDP, June monthly GDP, industrial and manufacturing output, trade, and business investment all on the same day. On the eurozone side, it is a quieter week, with the second estimate of Q2 GDP, June industrial production, flash Q2 employment, and final German July inflation data. US inflation data on Wednesday and US retail sales on Friday will be the major focus for the USD.

Market rates at opening	
GBP/USD	1.3494
GBP/EUR	1.1678
EUR/USD	1.1554
EUR/GBP	0.8562
GBP/AUD	1.9095
GBP/CAD	1.8824
GBP/CHF	1.0909
GBP/DKK	8.7304
GBP/HKD	10.5865
GBP/JPY	213.8100
GBP/NOK	12.8331
GBP/NZD	2.2916
GBP/SEK	12.7918
USD/CNY	6.7447

CONTACT INFORMATION

Contact Markets on 028 9089 1111 / 028 9089 1100

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