

Markets Update

Wednesday, 21 January 2026

Key news

- “Sell America” was the main theme yesterday with a broad sell off across US stocks and government bonds which helped boost the euro and the pound.
- Elsewhere, a record sell off in Japanese bonds also weighed on global markets as mounting concerns about PM Takaichi’s economic policies, which include tax cuts and increased spending, raised questions about the financial stability of one of the world’s most heavily indebted countries.
- Back to the currencies, sterling ended the day up against the greenback as investors shunned the dollar in the face of mounting trade tensions between the US and Europe over Greenland.
- This morning, the latest UK inflation numbers have surprised on the upside, coming in higher than what the markets have forecast. According to the ONS, the headline inflation number increased to 3.4% in the year to December with the increase attributed to an increase in air fares and tobacco. The question now is whether this is merely a blip and inflation pressures will continue to come down in the months ahead or it is a sign of inflation remaining stubbornly high.
- Looking ahead to today, attention will likely focus on developments from the world economic forum in Davos. Among the speakers are ECB Lagarde and President Trump. Trump is scheduled to deliver a special address this afternoon and has plans to discuss the Greenland dispute with various parties at the forum.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3441
GBP/EUR	1.1480
EUR/USD	1.1708
EUR/GBP	0.8710
GBP/AUD	1.9897
GBP/CAD	1.8591
GBP/CHF	1.0642
GBP/DKK	8.5756
GBP/HKD	10.4781
GBP/JPY	212.2300
GBP/NOK	13.4287
GBP/NZD	2.2979
GBP/SEK	12.2645
USD/CNY	6.9643

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