

Markets Update

Wednesday, 14 October 2026

- **Dollar weakness supports the euro and sterling overnight.** GBP/USD is trading around 1.3265, GBP/EUR at 1.1835 and EUR/USD at 1.1205. The US 10-year Treasury yield fell 3 bps to 5.22%. The moves appear largely positioning-driven ahead of the CPI release, rather than a fundamental shift in rate expectations.
- **US September CPI is expected to rise on higher energy costs.** Consensus forecasts point to a 0.6% month-on-month increase in headline CPI, lifting the annual rate from 3.4% to 3.7%, largely due to higher fuel prices. Core CPI is expected to rise by 0.2% month-on-month, taking the annual rate from 2.4% to 2.5%. A contained core reading could support expectations that the Fed will leave rates unchanged in October, while an upside surprise could shift that view.
- **Bank of England rate expectations firm as markets price a likely November increase.** Governor Bailey said UK companies are focused on containing costs amid the rise in energy prices, warning that “the longer this goes on, the harder it gets.” Elevated energy costs and persistent services inflation have strengthened expectations of a 25 bp increase next month, which may support sterling.
- **Fed officials remain divided as expectations build for a December increase.** New York Fed President Williams expects one further increase this year but none in 2027 as inflation nears 2%. Cleveland Fed President Hammack took a more hawkish view, citing “broad-based” inflation and the need for restrictive policy. A December increase remains the central expectation.
- **Geopolitical tensions and energy prices cloud the FX outlook.** Brent crude settled slightly lower on Tuesday at \$105.69 a barrel and is trading around USD \$106 per barrel early Wednesday, maintaining energy-driven inflation concerns. Without credible de-escalation in the Middle East, the energy premium may continue to complicate the rate outlook for the major central banks and keep FX volatility elevated.

Market rates at opening

GBP/USD	1.3264
GBP/EUR	1.1837
EUR/USD	1.1205
EUR/GBP	0.8447
GBP/AUD	1.8942
GBP/CAD	1.8845
GBP/CHF	1.1039
GBP/DKK	8.8480
GBP/HKD	10.4095
GBP/JPY	209.8900
GBP/NOK	12.5904
GBP/NZD	2.3586
GBP/SEK	13.1935
USD/CNY	6.6921

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