

Markets Update

Thursday, 21 May 2026

Key news

- Markets continue to digest yesterday's inflation updates from both the UK and Eurozone. The UK numbers came in softer than expected, whilst the Eurozone numbers confirmed the flash estimates which were announced earlier in the month.
- The weaker than expected UK inflation number along with the softer labour market data this week has markets increasingly confident that the Bank of England will leave interest rates on hold in June before acting in July – that said, there is plenty that could change in the intervening period.
- Most analysts still expect inflation to pick up in the later part of the year as the shock from recent oil price hikes filters through to the wider supply chain.
- The release of the minutes from the last FOMC meeting underlined a deeper policy split following the divided rate decision. While the committee kept the Fed funds rate at 3.5-3.75%, a majority now judge that “some policy firming would likely become appropriate” if inflation remains persistent above 2%.
- PMI data from the UK, US and Eurozone will provide the main highlights today.
- The currency markets see the major pairs in similar territory. The pound slipped after the inflation data yesterday morning but has since retraced against both the US dollar and Euro to open slightly firmer today.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3421
GBP/EUR	1.1567
EUR/USD	1.1602
EUR/GBP	0.8643
GBP/AUD	1.8867
GBP/CAD	1.8484
GBP/CHF	1.0573
GBP/DKK	8.6442
GBP/HKD	10.5137
GBP/JPY	213.46
GBP/NOK	12.4598
GBP/NZD	2.2915
GBP/SEK	12.5764
USD/CNY	6.8027

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