

Markets Update

Tuesday, 23 June 2026

- **USD strength remains a key market driver:** The US dollar held firm on Tuesday as markets continued to price in the prospect of a more hawkish Federal Reserve. US Treasury yields remain elevated, reinforcing expectations that interest rates could stay higher for longer and keeping pressure on risk sentiment across global markets.
- **GBP sentiment has improved, but volatility remains:** Sterling recovered from earlier weakness following the political uncertainty around Keir Starmer's resignation. The orderly transfer of power has been viewed positively by markets, helping to reduce immediate uncertainty; however, GBP is likely to remain sensitive to UK political headlines and incoming economic data.
- **GBP/USD remains below recent highs:** GBP/USD has recovered to the mid-1.32 area, but it remains materially below levels seen in recent weeks. Continued USD strength, supported by higher US yields and Federal Reserve expectations, remains an important headwind for sterling and a key consideration for UK businesses with dollar exposure.
- **GBP/EUR is testing important levels:** GBP/EUR found support around 1.1500 during yesterday's trading and briefly tested the 1.1600 resistance level overnight. The pair is currently trading in the high 1.15 area, with further direction likely to depend on UK data, eurozone sentiment and broader FX risk appetite.
- **PMI data could add further FX volatility:** Early PMI releases from France and Germany have been mixed, with German services data notably weaker. If wider eurozone data remains soft and UK figures are more resilient, GBP/EUR could test above 1.1600. For UK clients, particularly those with overseas currency flows, today's data may be an important driver of short-term FX movement.

Market rates at opening

GBP/USD	1.3246
GBP/EUR	1.1581
EUR/USD	1.1436
EUR/GBP	0.8633
GBP/AUD	1.9028
GBP/CAD	1.8766
GBP/CHF	1.0701
GBP/DKK	8.6564
GBP/HKD	10.3841
GBP/JPY	213.8500
GBP/NOK	12.9049
GBP/NZD	2.3270
GBP/SEK	12.7709
USD/CNY	6.7806

CONTACT INFORMATION

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