

Markets Update

Friday, 10 July 2026

- Rising oil and gas prices are once again affecting foreign exchange markets, as investors worry that the Strait of Hormuz could remain closed for a prolonged period after hostilities between the US and Iran derailed a tentative peace agreement. For sterling, higher energy prices are strengthening expectations that the Bank of England may need to raise interest rates in the near term. This supports the currency's relative interest rate advantage over peers where rate increases are expected to be more limited.
- The pound strengthened yesterday as the dollar eased from the previous day's highs, helped by a modest pullback in oil prices, which nevertheless remained elevated. This left sterling trading close to its highest level in four weeks. Sterling has gained more than 2% since falling to a seven-month low in late June, following Labour Prime Minister Keir Starmer's announcement that he would resign. The UK relies more heavily on energy imports than many neighbouring countries, which means its markets are likely to be more exposed to sharp movements in oil prices.
- Germany's inflation rate slowed to 2.4% in June, the federal statistics office said this morning, confirming its initial estimate. The harmonised consumer price measure, used for comparison with other European Union countries, had risen by 2.7% year-on-year in May.
- No daily commentary will be sent on Monday, as we'll be closed for the bank holiday. Have a lovely weekend.

Market rates at opening

GBP/USD	1.3423
GBP/EUR	1.1732
EUR/USD	1.1438
EUR/GBP	0.8520
GBP/AUD	1.9315
GBP/CAD	1.9007
GBP/CHF	1.0811
GBP/DKK	8.7705
GBP/HKD	10.5207
GBP/JPY	217.09
GBP/NOK	13.1014
GBP/NZD	2.3256
GBP/SEK	12.9549
USD/CNY	6.7796

CONTACT INFORMATION

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