

Markets Update

Tuesday, 07 October 2025

Key news

- Sterling reaped the benefits of a weaker euro and yen yesterday. Against the single currency GBP topped a 4-week high and versus the Yen, the pound reached a one-year high as both currencies were hit by domestic political developments.
- In France, the government was tipped into turmoil as yet another Prime Minister resigned, just hours after Sebastian Lecourn announced his cabinet line up. Markets are now waiting to see what President Macron will now do as Parliament may be forced to announce a dissolution in the coming days. The worry here is that this fresh turmoil could increase pressure on French government borrowing costs and weaken its overall economy with potential risk of tensions spreading to other asset classes such as banks, heaping yet more pressure on the euro.
- In Japan, following the announcement that Sanae Takaich won the presidency of Japan's ruling party and looks set to become the country's next prime minister, markets have pushed back bets that the Bank of Japan will hike rates, weakening the currency.
- Looking ahead to today, it is expected to be quiet on the economic data front with no major market movers on the agenda. This evening, there are a couple of Fed speakers due to speak in the US, potentially offering insights into how delayed data from the US government shutdown will influence monetary policy.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3455
GBP/EUR	1.1587
EUR/USD	1.1612
EUR/GBP	0.8630
GBP/AUD	2.0761
GBP/CAD	1.8630
GBP/CHF	1.0836
GBP/DKK	8.6492
GBP/HKD	10.4740
GBP/JPY	198.8640
GBP/NOK	13.6816
GBP/NZD	2.3056
GBP/SEK	12.9000
USD/CNY	7.1604

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