Markets Update

Thursday, 17 September 2026

- **Fed delivers hawkish hike;** Bank of England expected to hold today. The Federal Reserve unanimously raised interest rates by 25 basis points overnight to 3.75-4.00%, its first increase in more than three years. Updated projections point to at least one further rise this year. The Bank of England announces its decision at 12:00 today, with markets expecting the MPC to hold rates at 3.75%, probably by a 6-3 vote. The statement will be closely watched for signals of a possible November move.
- **Sterling and euro soften as the dollar reaches a seven-week high.** The dollar strengthened following the Fed's hawkish stance, weighing on major currency pairs this morning. GBP/USD is trading near 1.3390 after touching 1.3370 in Asian trading, its lowest level since 30 July. EUR/USD is around 1.1475, close to a seven-week low, while GBP/EUR is steadier near 1.1660. Today's Bank of England decision is the main near-term focus for the cross.
- **Middle East conflict keeps oil elevated despite easing supply concerns**. Brent crude settled at USD 105.83 per barrel on Wednesday, below its earlier four-month high, after reports that Saudi Arabia was offering additional cargoes through ship-to-ship transfers off Oman. However, geopolitical tensions remain elevated as the US-Iran conflict enters its seventh month, with Houthi forces launching drones towards Saudi cities and President Trump saying he hopes the war is "nearing an end".
- **Eurozone inflation and German orders in focus**. Markets await the final August eurozone HICP release this morning, with consensus forecasts at 3.3% year on year and 2.4% for the core measure. German manufacturing order backlogs reached a record high in July, rising 1.5% month on month, although the automotive sector fell 1.7%. Persistent oil-related inflation pressures may keep expectations of further ECB tightening before year-end in focus.
- **Global rate expectations shift towards further tightening.** The Fed's increase has prompted a broader repricing of monetary policy expectations, with markets now anticipating further tightening by year-end in the US, UK, eurozone, Australia and New Zealand.

Market rates at opening	
GBP/USD	1.3390
GBP/EUR	1.1660
EUR/USD	1.1475
EUR/GBP	0.8576
GBP/AUD	1.8812
GBP/CAD	1.8721
GBP/CHF	1.1043
GBP/DKK	8.7196
GBP/HKD	10.5042
GBP/JPY	208.48
GBP/NOK	12.6083
GBP/NZD	2.3338
GBP/SEK	13.1530
USD/CNY	6.7072.

CONTACT INFORMATION

Contact Markets on 028 9089 1111 / 028 9089 1100

***EMAIL:* markets@danskebank.co.uk** ***WEBSITE:* www.danskebank.co.uk**