

Markets Update

Thursday, 23 October 2025

Key news

- It was a choppy day on the currency markets yesterday as the pound came under early pressure in the aftermath of the softer than expected UK inflation numbers.
- Market expectations for a Bank of England interest rate cut by year end have now increased to around 75% of a chance compared to 40% on the previous day with 65bps of cuts priced in by the end of 2026 compared to 50bps prior to the inflation data.
- The pound dropped below the €1.15 level against the euro in the aftermath of the data, but it has since regained most of the ground given up. The US dollar also gained over the course of the session as trade tensions between the US and China continued and a general risk off tone in market sentiment prevailed.
- There has been some market speculation that a meeting between President Trump and President Xi Jinping could be arranged in South Korea before the end of October which could give some welcome relief.
- Turning to the day ahead and Eurozone consumer confidence data will provide the focus. Confidence has remained low over the past year, largely due to geopolitical tensions and rising food prices. A slight deterioration is pencilled for the month, but it is unlikely to have a major impact unless there is a major surprise.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3352
GBP/EUR	1.1509
EUR/USD	1.1602
EUR/GBP	0.8688
GBP/AUD	2.0514
GBP/CAD	1.8684
GBP/CHF	1.0642
GBP/DKK	8.5959
GBP/HKD	10.3776
GBP/JPY	203.593
GBP/NOK	13.3471
GBP/NZD	2.3227
GBP/SEK	12.5505
USD/CNY	7.1219

CONTACT INFORMATION

Foreign Exchange & Treasury deposits: 028 9089 1111 / 028 9089 1100
Structured Term Loans: 028 9004 9617 / 028 9004 9602

EMAIL: markets@danskebank.co.uk

WEBSITE: www.danskebank.co.uk

We may record or monitor calls to confirm details of our conversations, and for verification and quality purposes

Issued by Northern Bank Limited trading as Danske Bank (the "Bank" or "We").

So far as the law or regulation allow, We disclaim any warranty or representation as to the accuracy or reliability of the information and statements in this commentary. We will not be liable for any loss or damage suffered from relying on this commentary. This commentary does not purport to contain all relevant information. Recipients should not rely on its contents but should make their own assessment and seek professional advice relevant to their circumstances. We may have proprietary positions in the products described in this commentary. This commentary is for information purposes only, is not intended as an offer or solicitation, nor is it the intention of the Bank to create legal relations on the basis of the information contained in it. No part of this commentary may be reproduced without our prior permission.

Danske Bank is a trading name of Northern Bank Limited which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered in Northern Ireland (registered number R5 68). Registered Office: Donegall Square West Belfast BT1 6JS. Northern Bank Limited is a member of the Danske Bank Group.