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

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