

## Markets Update

Thursday, 18 June 2026

### Key news

- The US dollar opens this morning on the front foot after the Federal Reserve held interest rates at its monetary policy meeting which was announced last night.
- The Fed voted unanimously (12-0) to hold the fed funds rate at 3.50%-3.75% for the fourth consecutive month. This was the first policy meeting chaired by Kevin Warsh, who succeeded Jerome Powell. Whilst the hold was expected by analysts, the decision carried a distinctly hawkish tone.
- The updated dot plot showed a sharp hawkish shift with nine of eighteen officials pencilling in at least one rate hike by the end of 2026, with six expecting at least two hikes.
- Warsh continued the hawkish tone at his debut press conference, vowing to restore price stability and stating officials are “unambiguous and unanimous” in their commitment to the 2% inflation target.
- The broadly hawkish Fed update is broadly seen as USD supportive in the near term with higher US yields and reduced easing expectations underpinning dollar strength.
- In early trade today the dollar is a full cent stronger against the pound, hitting two-month highs against a basket of currencies.
- The Fed news has somewhat overshadowed the latest UK labour data this morning which showed unemployment fell and wages increased in April – adding to the inflationary pressures in the UK.
- Turning to the rest of today and the Bank of England interest rate policy decision which is due at midday. Analysts are expecting the benchmark rate will remain at 3.75% for a fourth consecutive meeting. As ever, the accompanying press conference will be closely scrutinised.
- The Makerfield by-election is also happening today with the outcome a potential risk event for sterling.

### Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3295
GBP/EUR	1.1550
EUR/USD	1.1506
EUR/GBP	0.8658
GBP/AUD	1.8907
GBP/CAD	1.8753
GBP/CHF	1.0637
GBP/DKK	8.6324
GBP/HKD	10.4154
GBP/JPY	213.493
GBP/NOK	12.7570
GBP/NZD	2.2991
GBP/SEK	12.6260
USD/CNY	6.7635

### CONTACT INFORMATION

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