

Markets Update

Thursday, 04 June 2026

Key news

- The latest UK services PMI recorded a decline in activity during May as rising costs linked to the Iran war and weakening demand weighed on business conditions.
- Crucially, the index revealed that the services sector fell to 49.3 in May from 52.7 in April and marks the first contraction in output since April 2025. Despite the negative growth in service sector activity, the downturn indicated by these latest numbers are less severe than that seen in the euro zone.
- Looking at the currencies, GBP was more or less flat against the euro and dollar yesterday, with markets focused on the conflict in the Middle East and the impact a prolonged war would have on monetary policy. Talks to end the war appear at best at stalemate with hostilities flaring again on Wednesday as an Iranian attack damaged Kuwait's airport and US forces carrying out strikes near the Strait of Hormuz. Against this backdrop, the price of oil crept higher to its highest level in a week fuelling inflation worries amongst oil dependant countries.
- Overnight, Israel and Lebanon agreed to implement a ceasefire, contingent on Hezbollah halting all attacks and withdrawing from southern Lebanon. The deal follows an earlier failed April ceasefire.
- Looking ahead to today in terms of economic data for the UK, construction PMI is released and is expected to show a decline in activity from April. Elsewhere, the economic calendar appears relatively sparse as the markets await the US non-farm payrolls tomorrow.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3423
GBP/EUR	1.1563
EUR/USD	1.1608
EUR/GBP	0.8647
GBP/AUD	1.8811
GBP/CAD	1.8674
GBP/CHF	1.0624
GBP/DKK	8.6421
GBP/HKD	10.5187
GBP/JPY	214.6190
GBP/NOK	12.4932
GBP/NZD	2.2868
GBP/SEK	12.5888
USD/CNY	6.7750

CONTACT INFORMATION

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