

Markets Update

Wednesday, 20 August 2025

Key news

- GBP was pretty rangebound yesterday with markets in a wait and see mode ahead of scheduled UK CPI data this morning. Instead sterling tracked the euro slightly higher against the dollar as markets gauged the probability of a peace deal between Russia and Ukraine following encouraging diplomatic signals from the latest meeting in the White House with European leaders.
- Overnight President Trump conceded in an interview that Putin may not be interested in making a deal at all and ruled out sending US troops to Ukraine. Trump plans on monitoring Putin’s course of action over the coming weeks and warned Putin that he could risk facing a “rough” situation in a no deal scenario.
- This morning, the latest UK CPI numbers have surprised on the upside and have come in higher than what the markets were forecasting. The 3.8% reading from the ONS is the highest rate on inflation since January 2024, when inflation was 4%. This latest spike in inflation may cause the BoE to pause for thought as it tries to balance a slow growing economy with increasing inflation pressures. As inflation concerns linger, economists are increasingly thinking we may not see another rate cut this year.
- Looking ahead to today, on the domestic front, markets will potentially spend the day digesting the inflation data and what it means for the economy and interest rate outlook. Elsewhere, attention will be focused on the minutes from the FOMC’s July meeting which are scheduled for release later this evening.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3505
GBP/EUR	1.1597
EUR/USD	1.1645
EUR/GBP	0.8622
GBP/AUD	2.0962
GBP/CAD	1.8732
GBP/CHF	1.0912
GBP/DKK	8.6568
GBP/HKD	10.5451
GBP/JPY	199.1630
GBP/NOK	13.8634
GBP/NZD	2.3185
GBP/SEK	12.9783
USD/CNY	7.1793

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