

Markets Update

Friday, 29 May 2026

- Overnight data from Japan was mixed. Unemployment edged lower and April retail sales rose 2.1%, above expectations. Attention is now turning to the Bank of Japan meeting next month, with core inflation running at 1.6% year on year and elevated oil prices keeping pressure on the outlook. Markets have priced in a 25-basis point rate increase. The yen remains close to the levels that prompted intervention last month,
- US inflation data released yesterday came in slightly below expectations, rising 0.2% month on month against forecasts of 0.3%. Following comments on Wednesday that the Federal Reserve should be free to act independently in response to economic conditions, market attention had been on the possibility of a firmer inflation reading. Instead, the softer result contributed to broader USD weakness in afternoon trading, with currency markets reacting to a more dovish tone.
- Reports indicate that the US and Iran have reached an agreement to extend the ceasefire in the Middle East and ease restrictions on shipping through the Strait of Hormuz. While the agreement still awaits approval, the development helped temper earlier USD strength. The dollar is currently trading around the mid-1.34 level against GBP and the mid-1.16 level against EUR, with volatility likely to remain sensitive to further headlines.
- Oil prices moved lower following the reports and are on track for their steepest weekly decline since early April. The move has added to shifting market sentiment across major currencies.
- GBP/EUR continued its recent three-month pattern and traded within a very narrow range yesterday. French, German, Italian and Spanish inflation figures are due this morning. Markets are not expecting major surprises, which may help keep trading ranges tight into the weekend, although any unexpected data could still trigger short-term currency volatility.

Market rates at opening

GBP/USD	1.3439
GBP/EUR	1.1538
EUR/USD	1.1648
EUR/GBP	0.8666
GBP/AUD	1.8768
GBP/CAD	1.8537
GBP/CHF	1.0535
GBP/DKK	8.6224
GBP/HKD	10.5293
GBP/JPY	214.0600
GBP/NOK	12.4498
GBP/NZD	2.2554
GBP/SEK	12.4298
USD/CNY	6.7688

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