

Markets Update

Wednesday, 23 July 2025

Key news

- Yesterday the pound held steady, pausing after Monday's rally, as investors assessed data revealing a sharp rise in UK government borrowing in June—a stark reminder of the precarious state of Britain's public finances. Official figures showed that Britain borrowed more than anticipated in June, driven by surging inflation that increased the government's debt servicing costs. This is likely to fuel speculation about potential tax hikes later this year.
- The dollar is facing challenges this morning, while the yen experienced volatility following U.S. President Donald Trump's announcement of a trade deal with Japan, sparking optimism for further agreements ahead of an approaching tariff deadline. In a post on Truth Social, Trump announced that the tariff rate on imports from Japan had been set at 15%, lower than the anticipated 25% rate scheduled to take effect on 1 August. He also stated that Japan would invest \$550 billion in the United States. The euro was trading at \$1.1737, down 0.15%, yet remaining close to the four-year high reached earlier this month. The currency has climbed over 13% this year as investors sought alternatives to U.S. assets.
- Key data due today includes the Eurozone consumer confidence flash estimate for July and U.S. earnings reports from Alphabet, Tesla, and IBM.

Market rates at opening

GBP/USD	1.3537
GBP/EUR	1.1525
EUR/USD	1.1745
EUR/GBP	0.8676
GBP/AUD	2.0589
GBP/CAD	1.8406
GBP/CHF	1.0723
GBP/DKK	8.6034
GBP/HKD	10.6266
GBP/JPY	198.6800
GBP/NOK	13.6174
GBP/NZD	2.2452
GBP/SEK	12.8468
USD/CNY	7.1641

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