

## Markets Update

Wednesday, 04 February 2026

- The Japanese Yen came under more pressure in overnight trading due to uncertainty around the Japanese election. Although intervention last week seemed to pull the Yen back from the brink, the Prime Minister Takaichi is hoping that voters will back her plans for increased spending and tax cuts.
- Though USD had a good evening against JPY, it is slightly weaker against EUR and GBP. EUR/USD is holding over 1.1800 and GBP/USD is back above 1.3700. Although a partial government shutdown ended swiftly last night, with Democrats in congress united against the new nomination for the US Fed chair Kevin Warsh, we may see Jerome Powell stay in his position to at least May. This may provide investors with renewed confidence in the coming weeks.
- In the Euro area all eyes will be on the inflation data at 10:00. Expectations are that Germany and Spain's higher inflation will be balanced by France's lower inflation. This could be key to GBP/EUR today, although it did break over 1.1600 yesterday, it is struggling to hold its position over the big figure.
- GBP remains strong against a basket of currencies with the markets awaiting bank of England decision tomorrow. Expectations in the markets are that there will be no change in interest rate, however the press conference will be the main focus on what the strategy for the rest of 2026 will look like. The consensus in the market is for the vote to be 7-2 to hold the rate.

### Market rates at opening

GBP/USD	1.3724
GBP/EUR	1.1605
EUR/USD	1.1825
EUR/GBP	0.8616
GBP/AUD	1.9506
GBP/CAD	1.8712
GBP/CHF	1.0650
GBP/DKK	8.6676
GBP/HKD	10.7215
GBP/JPY	214.7300
GBP/NOK	13.2028
GBP/NZD	2.2705
GBP/SEK	12.2098
USD/CNY	6.9373

### CONTACT INFORMATION

**Foreign Exchange & Treasury deposits: 028 9089 1111 / 028 9089 1100**  
**Structured Term Loans: 028 9004 9617/028 9004 9602**

**EMAIL: [markets@danskebank.co.uk](mailto:markets@danskebank.co.uk)**

**WEBSITE: [www.danskebank.co.uk](http://www.danskebank.co.uk)**

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