

## Markets Update

Thursday, 02 July 2026

### Key news

- Sterling gave ground yesterday thanks to a resurgent dollar which got a boost from a rise in US treasury yields ahead of the widely watched employment data due later today.
- A resurgence in the dollar, thanks to the strength of the US economy and its equity market, has played a significant role in holding sterling down as well as other currencies. Further depressing GBP, expectations for the BoE to hike rates this year has moderated since the hostilities in the Gulf have subsided, which has seen the price of oil back to pre-war levels. As it currently stands, markets are pricing in a 90% chance of a hike by the end of this year, a big change from earlier in the year when as many as three hikes were priced in.
- Sticking with the BoE, Governor Bailey rules out rate cuts. Speaking at the ECB's Sintra symposium, Bailey stated that rate cuts are "off the table at the moment," even as energy-driven inflation pressures ease. He cited a "delayed reaction" to the Iran conflict via the UK energy price cap, reinforcing the BOE's higher-for-longer stance and providing a floor for sterling.
- Looking ahead to today, attention will be on the US employment numbers due later this afternoon; these numbers carry the potential to either cement or dispel expectations for the Fed to raise US rates as early as this month.

### Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3311
GBP/EUR	1.1682
EUR/USD	1.1394
EUR/GBP	0.8560
GBP/AUD	1.9314
GBP/CAD	1.8909
GBP/CHF	1.0755
GBP/DKK	8.7318
GBP/HKD	10.4418
GBP/JPY	215.2900
GBP/NOK	13.1957
GBP/NZD	2.3442
GBP/SEK	12.9363
USD/CNY	6.7885

### CONTACT INFORMATION

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