

Markets Update

Friday, 26 June 2026

- **US dollar supported by rate expectations:** The US dollar enters the second half of 2026 on a firmer footing, supported by expectations of higher US interest rates and continued investor demand for US assets. The currency is around 3% stronger than this time last year, marking a notable recovery from the weakness seen after US tariff-related pressures.
- **Safe-haven demand remains a key FX driver:** A resilient US economy, underpinned in part by AI-related investment momentum, has helped reinforce the dollar's safe-haven appeal. GBP/USD remains close to 1.3200, while EUR/USD continues to trade under pressure, although it has recovered slightly into the higher 1.13 area.
- **Yen steadies amid intervention risk:** The Japanese yen has traded slightly firmer after approaching 40-year lows earlier in the week. Market participants remain alert to the possibility of official intervention, which appears to have contributed to a modest improvement in sentiment toward the currency.
- **Sterling weakens as rate support eases:** Sterling has recorded its weakest monthly performance against the US dollar since last July, losing around 2.2% over the past 26 days. Lower energy prices have reduced pressure on the Bank of England to raise rates in response to inflation, removing a potential source of support for GBP in money markets.
- **Euro steadies against sterling:** GBP/EUR is trading broadly flat around 1.1600, with the euro drawing some support from lower oil prices. Sterling's recent loss of momentum, alongside a cautious market stance on UK political developments, may keep GBP/EUR direction dependent on relative rate expectations and incoming macro data.
- **Data calendar shifts focus to next week:** Today's economic calendar is light, leaving FX and money markets focused on next week's key releases, including UK GDP, European inflation and US non-farm payrolls. These data points are likely to shape expectations for central bank policy and near-term currency direction.

Market rates at opening

GBP/USD	1.3201
GBP/EUR	1.1602
EUR/USD	1.1377
EUR/GBP	0.8618
GBP/AUD	1.9132
GBP/CAD	1.8733
GBP/CHF	1.0676
GBP/DKK	8.6723
GBP/HKD	10.3509
GBP/JPY	213.4700
GBP/NOK	13.0345
GBP/NZD	2.3364
GBP/SEK	12.8349
USD/CNY	6.7984

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