

Markets Update

Thursday, 14 August 2025

Key news

- Yesterday was quiet on the data front with no major economic or geopolitical events to give the main currency pairs direction.
- Moves were influenced by a softer USD after Tuesday's latest CPI numbers reinforced expectations of an imminent Fed rate cut in September. Markets are now firmly pricing in a 25 basis point cut with the potential for another cut before the end of the year.
- GBP remains underpinned by decent wage growth data published earlier in the week and cautious signals from the BOE with market analysts scaling back expectations for rate cuts until the end of the year, lending support to the pound. Against the euro, sterling inched higher as the euro came under selling pressure, failing to sustain Tuesdays overnight bounce.
- This morning the latest UK GDP numbers have surprised on the upside coming in higher than what the markets had pencilled in. The economy expanded by 0.3% with a strong performance in the construction sector according to the ONS. Sterling has bounced this morning on the back of the strong GDP print and markets will likely spend the day digesting the better than expected data.
- Looking ahead to today, the second estimate of euro GDP growth for Q2 2025 and the first estimate of employment in Q2 is published with the focus on the employment data which is expected to post a slight rise. If this proves to be the case, it will be taken as a continued sign of a resilient labour market in the euro zone.
- In the US, focus will be on the July PPI numbers which should offer more insight into the cost pressures that companies are currently facing.
- Elsewhere, it is worth keeping an ear to the ground as uncertainty surrounding the upcoming US-Russia peace talks could keep investors cautious and this may bleed into broader market sentiment.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3582
GBP/EUR	1.1627
EUR/USD	1.1680
EUR/GBP	0.8600
GBP/AUD	2.0773
GBP/CAD	1.8701
GBP/CHF	1.0953
GBP/DKK	8.6771
GBP/HKD	10.6585
GBP/JPY	198.8910
GBP/NOK	13.8551
GBP/NZD	2.2787
GBP/SEK	12.9933
USD/CNY	7.1723

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