

## Markets Update

Wednesday, 20 May 2026

### Key news

- The early morning headlines are being dominated by the news from the Office for National Statistics (ONS) that UK inflation fell to 2.8% in the year to April, down from 3.3% the previous month and lower than the consensus forecast of 3.0%. Core inflation also saw a fall to 2.5% against a forecasted rate of 2.6%.
- The fall was largely driven by lower electricity and gas prices as the governments cap on how much customers can be charged for each unit of energy kicked in at the start of April.
- Whilst the headline numbers will be welcomed by UK interest rate policymakers, there is still expectation that the relief will be short lived as the effects of higher oil prices as a result of the US-Iran war pushes inflation to a peak of 4% before the end of the year - well above the Bank of England's 2.0% target rate.
- Inflation will remain in the headlines today as the Eurozone announces its numbers later this morning. Later this evening the minutes from the April Federal reserve meeting will be aired and investors will get a better picture on the likely path of US interest rates in the coming months.
- Reaction to the UK inflation data has been relatively muted so far with the pound remaining close to yesterdays close against the single currency around €1.1550. The dollar has maintained its slightly firmer tone against sterling as it broke below \$1.34.

### Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3395
GBP/EUR	1.1550
EUR/USD	1.1597
EUR/GBP	0.8658
GBP/AUD	1.8841
GBP/CAD	1.8434
GBP/CHF	1.0583
GBP/DKK	8.6283
GBP/HKD	10.4895
GBP/JPY	212.92
GBP/NOK	12.4487
GBP/NZD	2.2942
GBP/SEK	12.6023
USD/CNY	6.8042

### CONTACT INFORMATION

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