

## Markets Update

Wednesday, 18 June 2025

### Key news

#### Market rates at opening

- The U.S. dollar has fluctuated against most major currencies this morning, as tensions between Israel and Iran caused investor anxiety ahead of the anticipated Federal Reserve decision on interest rates later in the day. According to reports, the U.S. military is increasing its presence in the region, leading to speculation about potential U.S. intervention. Investors are concerned that this could escalate the conflict in an area rich in energy resources, supply chains, and infrastructure.
- The conflict in the Middle East, coupled with ongoing uncertainty surrounding Trump's tariffs and indications of weakness in the U.S. economy, creates a challenging environment ahead of the Federal Reserve's policy decision later today. Data released yesterday revealed that U.S. retail sales declined by a larger-than-expected 0.9% in May, marking the most significant drop in four months. While it is expected that the Federal Reserve will maintain the current interest rates, attention will also be directed towards the central bank's updated economic projections and the benchmark interest rate.
- British inflation eased as anticipated in May, driven down by a decrease in air fares, which had surged in April, and the correction of a tax data error. However, food prices increased at their fastest rate in over a year. The Office for National Statistics reported this morning that consumer prices rose by 3.4% year-on-year in May, aligning with predictions from the Bank of England. The data is unlikely to alter interest rate expectations among economists and investors, who anticipate that the Bank of England will maintain borrowing costs unchanged when it announces its June policy decision tomorrow.

GBP/USD	1.3466
GBP/EUR	1.1690
EUR/USD	1.1518
EUR/GBP	0.8552
GBP/AUD	2.0704
GBP/CAD	1.8393
GBP/CHF	1.0995
GBP/DKK	8.7188
GBP/HKD	10.5698
GBP/JPY	195.19
GBP/NOK	13.3636
GBP/NZD	2.2316
GBP/SEK	12.8359
USD/CNY	7.1840

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