

## Markets Update

Tuesday, 03 February 2026

- The Reserve Bank of Australia delivered its first rate increase in two years, moving 25bps up to 3.85%. With the central bank also raising the forecasts for inflation this year, expectations are for further hikes in 2026. GBP/AUD is now around 1.94, last at this level in December 2024.
- The US announced cuts in tariffs on India to 18% from 50%, this is following an agreement from India to halt Russian oil purchases and lower trade barriers.
- GBP/USD, is holding just below 1.3700 and EUR/USD is holding support over 1.1800. The US manufacturing figures were stronger yesterday and that led to USD holding its gains throughout the trading day.
- French inflation this morning showed a decline to 0.4%, although expected to drop to 0.6% this was a surprise of 0.2%. Germany and Spain showed increases last week and that may be a better consensus for tomorrow's overall European inflation data release.
- GBP/EUR is at its highest since August and seems to be trying to break resistance of 1.1600. This is following the EU Commissioner Valdis Dombrovskis saying that the EU is "open-minded" about discussing closer trade ties including a possible customs union.
- With European Inflation and Retail sales data out in the next 2 days, we could see the level of 1.1600 being tested once again.

### Market rates at opening

GBP/USD	1.3683
GBP/EUR	1.1589
EUR/USD	1.1806
EUR/GBP	0.8628
GBP/AUD	1.9456
GBP/CAD	1.8699
GBP/CHF	1.0635
GBP/DKK	8.6555
GBP/HKD	10.6903
GBP/JPY	212.8000
GBP/NOK	13.2064
GBP/NZD	2.2611
GBP/SEK	12.2137
USD/CNY	6.9357

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