Danske Bank Markets in Northern Ireland

Danske Bank

Markets Update

Tuesday, 29 September 2026

- **Sterling and the euro remain under pressure as the dollar nears two-month highs.** GBP/USD trades around 1.3240, EUR/USD near 1.1360 and GBP/EUR around 1.1653. Wider US rate differentials are supporting the dollar, while higher European gas prices and French political risk weigh on the euro.
- **Global bond selling continues to influence FX markets.** Two-year US Treasury yields have risen almost 60bp this month, while UK and French two-year yields are also set for sharp monthly increases. Strong US growth, AI investment and the energy shock are contributing to expectations of structurally higher rates. Markets will watch Bank of England MPC member Alan Taylor's inflation remarks today for signals on the UK rate outlook and sterling.
- **US inflation and jobs data are in focus this week.** August PCE inflation is due Wednesday, with the Cleveland Fed nowcast at 4%, followed by September payrolls on Friday. Strong Dallas Fed manufacturing data yesterday meanwhile indicated resilient demand and persistent price pressures.
- **Yen steadies near 157 amid intervention warnings and rising BoJ rate-hike expectations.** USD/JPY trades around 157.45 after Japan's top currency diplomat criticised recent yen weakness. Markets now price a 41.5% chance of a 25bp BoJ rate rise in October, up from 31.5% on Friday, as the government reaffirmed the Bank's independence.
- **Euro area inflation leads a busy European calendar.** September headline CPI is forecast at 3.6%, up from 3.2%, with core goods prices indicating the pass-through from higher energy costs. UK credit, mortgage and money-supply data are due today, alongside euro area sentiment and Spanish inflation figures. Markets will also hear from ECB President Lagarde, Bundesbank President Nagel and BoE policymaker Alan Taylor.

Market rates at opening	
GBP/USD	1.3239
GBP/EUR	1.1653
EUR/USD	1.1360
EUR/GBP	0.8580
GBP/AUD	1.8938
GBP/CAD	1.8780
GBP/CHF	1.1033
GBP/DKK	8.7112
GBP/HKD	10.3866
GBP/JPY	208.5300
GBP/NOK	12.6519
GBP/NZD	2.3424
GBP/SEK	13.2065
USD/CNY	6.7043

CONTACT INFORMATION

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