Markets Update

Thursday, 27 November 2025

Key news

- As if you didn't already know yesterday's domestic new flow was dominated by the Chancellors budget. All in all, Rachel Reeves delivered a budget that will take more tax from workers, people saving for a pension and from investors to give herself more financial headroom to meet her borrowing targets.
- The OBR (which inadvertently revealed the budget early) said the headroom she has created now stands at almost £22bn in five years time allowing her to fund extra spending or potential further tax cuts.
- Markets have reacted positively to the tax heavy budget with gilt yields dropping and sterling strengthening against most major currency pairs. Focus now turns to the BoE and what it may do with interest rates when it sets the bank rate next month noting that whilst most investors have welcomed the budget, some analysts have expressed caution over the increased tax burden and what it damage it may do to growth over the longer term.
- Staying with the BoE, expectations for what the central bank may do next month remained largely unchanged relative to where they were prior to the budget announcement.
- Looking at the currencies, USD weakened modestly overnight vs rest of G10 with EUR/USD at the 1.16 mark and equities continue with their advance, driven by Fed cut expectations.
- Looking ahead to today, UK markets may continue to digest the Autumn budget, elsewhere, in the euro area, focus turns to data on credit growth for October. Loan growth to non- financial corporations increased to 2.1% y/y in September but the momentum has lowered recently in a signal of a smaller boost to economic growth.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3221
GBP/EUR	1.1406
EUR/USD	1.1591
EUR/GBP	0.8767
GBP/AUD	2.0265
GBP/CAD	1.8556
GBP/CHF	1.0644
GBP/DKK	8.5181
GBP/HKD	10.2838
GBP/JPY	206.6340
GBP/NOK	13.4792
GBP/NZD	2.3123
GBP/SEK	12.5564
USD/CNY	7.0810

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