

Markets Update

Wednesday, 07 October 2026

Key news

- The euro recovered slightly against the pound yesterday having dropped sharply on Monday as investors worried that a dramatic fall in French bonds due to concerns about public debt and a looming election stoked contagion fears in the euro zone. However, French bonds rose yesterday, pushing yields lower and helping to stabilize the currency.
- Staying in France, both Le Pen, who is leading the polls, and Bardella, pledged to tighten public finances. Le Pen proposed a “golden rule” to cap debt at 60% of GDP and also outlined a Euro 140bn package of spending cuts and tax increases over a five year horizon. However the targets appear ambitious but the commitment to fiscal consolidation was clear and gave some relief to markets.
- Aside from EU bond markets, sterling traders are focusing on BoE Governor Bailey and a handful of MPC members who are speaking on Thursday; the current market view is that inflation has now become embedded in the UK and that the central bank could hike rates as early as November and continue its hiking cycle deep into next year.
- In commodities, Oil briefly dipped below USD\$100 yesterday but has since rebounded to over the USD\$100 level again as persistent risks to Middle East energy flows overshadowed signs of rising supply from the region.
- Looking at the currencies this morning, GBP/EUR has edged over €1.18, outperforming the single currency as France’s fiscal crisis continues to weigh.
- The main focus today will be Stateside, where the latest minutes from the September FOMC meeting will be published. Analysts are looking for signs of any division amongst the members despite the decision to hike rates 25bps.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3248
GBP/EUR	1.1811
EUR/USD	1.1216
EUR/GBP	0.8466
GBP/AUD	1.9007
GBP/CAD	1.8839
GBP/CHF	1.1028
GBP/DKK	8.8282
GBP/HKD	10.3957
GBP/JPY	209.7400
GBP/NOK	12.6565
GBP/NZD	2.3628
GBP/SEK	13.2856
USD/CNY	6.7048

CONTACT INFORMATION

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