

## Markets Update

Tuesday, 22 July 2025

### Key news

- Sterling strengthened against the dollar and euro on Monday but stayed near multi-week lows, reflecting concerns over Bank of England policy and the UK's fiscal outlook.
- The pound rose to \$1.3510 against the dollar, slightly above last week's eight-week low.
- Against the euro, sterling increased to around €1.1560 after hitting a 14-week low last week.
- Markets are nearly fully pricing in a 0.25% rate cut by the Bank of England at its 7 August meeting, with an additional 0.50% of easing expected by year-end.
- The UK's fiscal position remains fragile, worsened by a significant rebellion against welfare reforms, raising doubts about the government's ability to enforce spending cuts.
- Many analysts predict the government may need to introduce substantial tax increases later this year to meet fiscal targets amid sluggish economic growth.

### Market rates at opening

GBP/USD	1.3469
GBP/EUR	1.1524
EUR/USD	1.1688
EUR/GBP	0.8677
GBP/AUD	2.0680
GBP/CAD	1.8442
GBP/CHF	1.0755
GBP/DKK	8.6030
GBP/HKD	10.5731
GBP/JPY	199.1500
GBP/NOK	13.7113
GBP/NZD	2.2658
GBP/SEK	12.9210
USD/CNY	7.1731

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