

Markets Update

Tuesday, 05 August 2025

Key news

- The pound clawed back some gains on Monday against the dollar, trading just over \$1.33 in the afternoon. This comes after a tough month where it dropped 3.8%, its biggest monthly decline since September 2022, amid worries about the UK economy.
- Sterling also made some short lived gains against the euro, briefly touching just over €1.15 in the afternoon.
- Focus remains on UK outlook this week and the Bank of England policy announcement on Thursday, with markets pricing in around a 90% chance of a 25 basis point rate cut. Traders are pricing an overall 50 basis points of rate cuts by the end of this year.
- Since August's rate cut is almost fully priced in, focus for currency traders will be on the future for interest rates and whether BoE might ease up on its plans to reduce its stock of government bonds, known as quantitative tightening.

Market rates at opening

GBP/USD	1.3281
GBP/EUR	1.1494
EUR/USD	1.1554
EUR/GBP	0.8700
GBP/AUD	2.0546
GBP/CAD	1.8300
GBP/CHF	1.0741
GBP/DKK	8.5775
GBP/HKD	10.4251
GBP/JPY	195.5800
GBP/NOK	13.6398
GBP/NZD	2.2523
GBP/SEK	12.8405
USD/CNY	7.1861

Upcoming Events

- Today, PMI is due for release for the US, UK and Eurozone.

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