Danske Bank

Markets Update

Tuesday, 21 July 2026

- **Sterling has strengthened over the past month**, supported by a softer US dollar and continued focus on the UK policy outlook. GBP/USD traded at 1.3450 yesterday, up from 1.3247 on 22 June, after reaching a one-month high of 1.3557 on 15 July. Wage growth figures released today showed pay growth holding steady in the three months to May, an important data point for markets as they assess the outlook for Bank of England policy.
- **Sterling's strength has also been visible against the euro**, with EUR/GBP trading at 0.8493. Meanwhile, EUR/USD has remained relatively range-bound, standing at 1.1424 yesterday, broadly unchanged from 1.1427 on 22 June. The pair has traded between 1.1324 and 1.1482 over the period. Market attention is now turning to the upcoming ECB meeting, with participants positioning ahead of what is seen as a finely balanced policy decision.
- **The US dollar has been under modest pressure**, with recent headlines noting that the greenback has been wavering as markets assess the impact of geopolitical tensions in the Gulf region. This has contributed to a more supportive backdrop for both sterling and the euro against the dollar.
- **In the UK, Andy Burnham** is expected to outline his first measures as the country's new prime minister today. His early agenda is expected to focus on easing the cost-of-living crisis, improving living standards and bringing greater stability after a prolonged period of political uncertainty. Having appointed a senior ministerial team that he hopes will be more agile than that of his predecessor, Keir Starmer, Burnham is aiming to move quickly to demonstrate that politics can deliver meaningful change after years of stagnation.
- **In fixed income markets,** sovereign bond yields have moved higher across the UK, Germany and the US over the past month. The UK 10-year gilt yield has risen from 4.81% on 22 June to 5.04% on 20 July, while the German 10-year Bund yield has increased from 2.95% to 3.15% over the same period.

Market rates at opening	
GBP/USD	1.3445
GBP/EUR	1.1766
EUR/USD	1.1425
EUR/GBP	0.8496
GBP/AUD	1.9154
GBP/CAD	1.8903
GBP/CHF	1.0882
GBP/DKK	8.7955
GBP/HKD	10.5421
GBP/JPY	218.56
GBP/NOK	12.9568
GBP/NZD	2.2936
GBP/SEK	12.9875
USD/CNY	6.7653

CONTACT INFORMATION

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