

## Markets Update

Wednesday, 13 August 2025

### Key news

- Kicking things off on the currencies, cable pushed towards a two week high yesterday, helped by softer than expected US inflation and steady UK employment numbers.
- The US inflation print held steady at 2.7% year on year, falling just shy of the 2.8% forecast. Meanwhile core inflation, which excludes food and energy, rose to 3.1%, slightly above expectations. Despite the elevated core reading, the lower than expected headline figure is reinforcing the market view that the Fed will begin cutting rates towards the end of Q4 2025.
- Staying in the US, President Trump renewed his criticism of Fed Chair Powell, urging him to immediately cut its benchmark rate with Trump also hinting at permitting a lawsuit against him, citing mismanagement of renovations at the Federal Reserve Buildings.
- In the UK, markets digested the latest labour data from the ONS which showed that the jobs market is gradually cooling although the pace of the slowdown does not yet appear sufficient to push the BoE into accelerating its rate cutting cycle. Attention now shifts to the latest UK GDP numbers (covering Q2) due tomorrow which may give sterling some direction towards the end of the week.
- Returning to the currencies, the US July CPI print reinforced expectations that the Fed will have room to cut rates in September. This has lifted risk sentiment with EUR/USD edging just above the €1.17 level this morning, with cable picking up where it left off yesterday.
- Looking ahead to today, it appears a quiet day for data releases with no significant market movers.

### Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3538
GBP/EUR	1.1561
EUR/USD	1.1709
EUR/GBP	0.8649
GBP/AUD	2.0658
GBP/CAD	1.8623
GBP/CHF	1.0892
GBP/DKK	8.6273
GBP/HKD	10.6272
GBP/JPY	199.6880
GBP/NOK	13.7825
GBP/NZD	2.2623
GBP/SEK	12.8832
USD/CNY	7.1764

### CONTACT INFORMATION

Foreign Exchange & Treasury deposits: 028 9089 1111 / 028 9089 1100  
Structured Term Loans: 028 9004 9617 / 028 9004 9602

EMAIL: [markets@danskebank.co.uk](mailto:markets@danskebank.co.uk)

WEBSITE: [www.danskebank.co.uk](http://www.danskebank.co.uk)

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