

## Markets Update

Wednesday, 17 December 2025

### Key news

- Sterling inched up against the greenback and single currency yesterday despite recent UK economic indicators convincing some market participants that the BoE will cut rates tomorrow when the MPC announce their interest rate decision.
- Stateside, a mixed bag of delayed US economic data has reinforced the Fed's cautious approach to further policy easing after the Fed delivered 75bps cuts this year to support the labour market. While rate setters are widely expected to hold rates at the January meeting, investors continue to price in at least two rate cuts in 2026. Against this backdrop, the dollar remains under pressure.
- This morning, the latest UK inflation numbers came in lower than forecast with falls in food, alcohol and clothing last month driving inflation to its lowest level in eight months. The official rate of 3.2% fell from 3.6% in October, wrong footing market analysts which had expected a smaller decrease. As it stands, analysts have more or less fully priced in a BoE rate cut tomorrow.
- Looking ahead to today, markets are eyeing developments in oil markets amid diplomacy in the Ukraine war and President Trump blocking oil tankers in Venezuela. Later in the day, investors will be following speeches from various Fed members as they discuss the economic outlook. Elsewhere, in the euro area, the final inflation print for November is due for release with the market consensus is for it to be unchanged from the flash release.

### Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3323
GBP/EUR	1.1373
EUR/USD	1.1714
EUR/GBP	0.8792
GBP/AUD	2.0131
GBP/CAD	1.8358
GBP/CHF	1.0639
GBP/DKK	8.4960
GBP/HKD	10.3626
GBP/JPY	207.1940
GBP/NOK	13.5953
GBP/NZD	2.3068
GBP/SEK	12.4336
USD/CNY	7.0457

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