Markets Update

Wednesday, 22 October 2025

Key news

- UK inflation unexpectedly held this morning at 3.8%, with many economists believing the figure was going to be 4%. It may give some slight relief to Chancellor Rachel Reeves ahead of her budget next month. Although petrol and prices and airfares are rising, there was slight offset with lower food prices last month.
- Yesterday a Reuters poll suggested that the US Fed will drop their interest rates 25 basis points next week and again in December. Weaking labour market and higher inflation the Fed are caught between dual risks and seem to be favouring the former.
- GBP/USD however has reacted this morning to the UK inflation news with a weaking of GBP. Just prior to the news the currency pair sat at 1.3380 and is now trading around 1.3330. this has also been assisted with talk of reduced tariffs from the US on India.
- GBP/EUR after a steady day yesterday has falling below 1.1500 and seems to be meeting resistance at 1.1485. EUR/USD just hovering over 1.16 with USD certainly the stronger of the main currencies this morning.
- In terms of Economic data, the US data announcements remain on hold and therefore next major release will be retail sales in the UK on Friday morning.

Market Rates

Market rates at opening

GBP/USD	1.3327
GBP/EUR	1.1483
EUR/USD	1.1605
EUR/GBP	0.8708
GBP/AUD	2.0497
GBP/CAD	1.8665
GBP/CHF	1.0602
GBP/DKK	8.5772
GBP/HKD	10.3558
GBP/JPY	202.2000
GBP/NOK	13.3617
GBP/NZD	2.3167
GBP/SEK	12.5566
USD/CNY	7.1232

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