Markets Update

Tuesday, 25 August 2026

Key news

- During UK trading yesterday the pound gave back some ground to USD, dropping from a four week sustained rally against the greenback. Investors spent the day mulling over potential implications of US sanctions on Iran and its trading partners along with concerns that it could provoke retaliation from Tehran.
- As it turns out, the US “economic D-Day” against Iran proved to be a limited market mover, as Treasury Secretary Scott Bessent mainly issued a broad warning of secondary sanctions against entities still doing business with Iran, without providing concrete details on timing, monitoring or the scope of enforcement. The lack of specifics made the announcement feel more like a warning shot than a decisive escalation leaving the immediate macro and market impact muted.
- Staying with the US theme, US-Canada trade tensions have re-escalated after Trump announced plans to raise tariffs on Canadian cars and automotive parts to 50% from next year, following the collapse of negotiations. The dispute raises risk for the highly integrated auto supply chain and could weigh on sentiment.
- Looking ahead to today, it is another quiet day on the UK data front. Elsewhere, US confidence figures are due for release covering August; in the euro area, focus turns to the German IFO indicator for August. The assessment of the current situation remains low, but expectations have risen lately and markets are pencilling in a rebound in both components.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3644
GBP/EUR	1.1698
EUR/USD	1.1662
EUR/GBP	0.8547
GBP/AUD	1.9089
GBP/CAD	1.8906
GBP/CHF	1.0960
GBP/DKK	8.7450
GBP/HKD	10.6943
GBP/JPY	217.3760
GBP/NOK	12.7287
GBP/NZD	2.2908
GBP/SEK	12.9764
USD/CNY	6.7231

CONTACT INFORMATION

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