

Markets Update

Thursday, 11 December 2025

Key news

- Last night the Federal Reserve, as expected, lowered interest rates for the third time this year, reducing the target lending rate to 3.5%-3.75%.
- Markets had been hoping for a clear picture on the path of future interest rates, but policymakers remain divided over balancing a weakening job market and rising inflation.
- The decision to cut was far from unanimous and concerns about political pressure and uncertainty over Trump's choice for Powell's successor as Fed chair continues to add complexity to future policy decisions.
- Powell indicated that incoming economic data on jobs and inflation could influence further rate cuts next year, with the Fed closely monitoring developments.
- On the back of the interest rate cut the dollar has given up some ground against both the dollar and euro. The pound opened around \$1.3375 - up c75bps against the greenback. The move against the euro was comparatively less as a 30bps move pushed it to the \$1.17 level at open.
- Data is relatively light today with only a US Initial jobless claim update due later this afternoon. In the absence of any high tier data releases the markets will continue to digest the Fed move from last night.

Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3371
GBP/EUR	1.1430
EUR/USD	1.1702
EUR/GBP	0.8748
GBP/AUD	2.0115
GBP/CAD	1.8469
GBP/CHF	1.0689
GBP/DKK	8.5365
GBP/HKD	10.4050
GBP/JPY	208.522
GBP/NOK	13.503
GBP/NZD	2.3049
GBP/SEK	12.3847
USD/CNY	7.0589

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