

## Markets Update

Monday, 12 October 2026

- **FX snap Sterling and euro steady in the early trading** - GBP/USD is around 1.3250, GBP/EUR 1.1825 and EUR/USD 1.1205.
- **US-Russia diesel deal adds geopolitical uncertainty** - Russia has agreed to supply more than 300,000 metric tonnes of diesel to US and global markets as the US temporarily eases sanctions on Russian fuel. Markets see scope for near-term diesel price relief, while differing US and European sanctions positions may add uncertainty for energy-sensitive currencies. However, oil prices remain above \$100 a barrel.
- **US inflation data may shape rate expectations** - September CPI is expected to rise 3.7% year on year, with core inflation at 2.5%. Markets will assess the data for signals ahead of the Federal Reserve's 27-28 October meeting; a stronger reading could support the dollar against sterling and the euro.
- **UK data provide a test for sterling** - August GDP, industrial and manufacturing output, and trade figures are due Thursday. Markets will assess the releases alongside the UK fiscal outlook, while scheduled remarks from Bank of England policymakers may also influence sterling. Markets remain focused on the 28 October Budget, with fiscal credibility under scrutiny amid elevated government borrowing costs.
- **Eurozone inflation in focus** - Final eurozone inflation, industrial production and trade data are due this week.
- **Yen and Aussie dollar volatile as central bank divergence deepens** - USD/JPY is trading at 158.43, having climbed from around 153.29 in mid-September to a high near 158.91—a range of more than five big figures. AUD has also been under pressure recently; the RBA raised rates for the fourth time this year to a 15-year high of 4.60% in September, but a rise in unemployment to a five-year high of 4.6% has prompted markets to question whether a fifth increase is warranted. The implied probability is around 30% for November and 46% for December.

### Market rates at opening

|         |          |
|---------|----------|
| GBP/USD | 1.3249   |
| GBP/EUR | 1.1823   |
| EUR/USD | 1.1205   |
| EUR/GBP | 0.8457   |
| GBP/AUD | 1.8978   |
| GBP/CAD | 1.8881   |
| GBP/CHF | 1.1008   |
| GBP/DKK | 8.8369   |
| GBP/HKD | 10.3971  |
| GBP/JPY | 209.8600 |
| GBP/NOK | 12.6691  |
| GBP/NZD | 2.3635   |
| GBP/SEK | 13.2427  |
| USD/CNY | 6.6918   |

## CONTACT INFORMATION

**Contact Markets on 028 9089 1111 / 028 9089 1100**

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

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

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