

Markets Update

Thursday, 11 June 2026

- Yesterday's US May CPI report showed that prices rose by a seasonally adjusted 0.5% on the month, leaving the annual inflation rate at 4.2%, in line with forecasts. The release highlighted that most of the increase was driven by a 3.9% rise in energy prices, resulting in a 23.5% gain over the past 12 months. Inflation is above 4% for the first time in three years, although the increase was in line with expectations amid concerns over the impact of surging energy prices on the economy. The report comes at a sensitive moment as Federal Reserve officials weigh their next interest rate move. Markets mostly expect the Federal Reserve to hold rates on 17 June, but investors will watch for any signs of increased concern about rising inflation.
- Currency markets have been subdued this week, with a renewed cycle of retaliatory strikes between the United States and Iran, dampening hopes of a near-term peace deal in the region. The euro edged up to 1.1547, moving away from the 10 week low it hit last week. The dollar index, which tracks the U.S. currency against six major peers, slipped to 99.903 after the U.S. military said it had completed strikes on multiple targets in Iran. The United States began a fresh round of strikes overnight, as President Donald Trump vowed further action if no peace agreement is reached. The latest escalation kept markets on edge and pushed oil prices higher.
- The focus will be on the European Central Bank's policy meeting later in the day. The ECB is widely expected to raise interest rates in an effort to contain rising inflation before the surge in energy costs, driven by the conflict with Iran, feeds more broadly through the euro area economy. With a June increase already fully priced in, market attention will centre on the signals and guidance delivered at the press conference.

Market rates at opening

GBP/USD	1.3388
GBP/EUR	1.1586
EUR/USD	1.1553
EUR/GBP	0.8630
GBP/AUD	1.9103
GBP/CAD	1.8681
GBP/CHF	1.0688
GBP/DKK	8.6599
GBP/HKD	10.4894
GBP/JPY	214.82
GBP/NOK	12.6775
GBP/NZD	2.3090
GBP/SEK	12.7232
USD/CNY	6.7754

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