

## Markets Update

Tuesday, 26 August 2025

### Key news

- The main event Friday going into the long bank holiday weekend was the Jackson Hole conference where Fed Chair Powell signalled a potential rate cut in September. While Powell did not commit to anything, his comments are the clearest signs yet one could have imagined and markets have reacted accordingly with expectations of a 25bps cut now firmly priced in for September.
- Overnight, attention remained in the US as President Trump has attempted to remove Federal Reserve Governor Lisa Cook, citing alleged improprieties in mortgage applications from 2021. Cook however, denies the claims and argues that Trump lacks the legal authority to dismiss her. This unprecedented move could test the Fed's independence and Cook's removal would allow Trump to reshape the Fed board, potentially influencing monetary policy.
- Today looks to be a quiet day with no major economic data scheduled for release in the UK to give sterling direction. Elsewhere, consumer sentiment data from the US is due to be published; markets will be keeping an eye on consumer expectations after the latest round of tariff announcements as well as the recent weak payroll data.
- Looking ahead to this week, it appears to be light in terms of economic data. The main highlight is the flash August inflation data from Germany, France Italy and Spain which is released ahead of the European aggregate. Overall euro zone inflation is set to increase in August due to higher energy costs. In Japan we receive a batch of data on Friday covering retail sales, unemployment and inflation. US PCE inflation is also due Friday.

### Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3438
GBP/EUR	1.1579
EUR/USD	1.1603
EUR/GBP	0.8635
GBP/AUD	2.0765
GBP/CAD	1.8629
GBP/CHF	1.0845
GBP/DKK	8.6435
GBP/HKD	10.4930
GBP/JPY	198.6320
GBP/NOK	13.6438
GBP/NZD	2.3026
GBP/SEK	12.9128
USD/CNY	7.1609

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