

## Markets Update

Thursday, 22 January 2026

### Key news

- GBP remained steady yesterday after the publication of inflation data that revealed that inflation picked up higher than expected in December. All things being equal, this could lessen the likelihood of aggressive rate cuts from the BoE this year
- Overall, financial markets have been tense and have been dictated by geopolitical tensions which have dominated the currency markets this week, overshadowing economic data, as a prospect of a trade war between the US and Europe has promoted investors to sell American assets.
- Overnight, market sentiment has improved following Trump initially stating he would not take Greenland by force and subsequently when he on social media announced that the Greenland related tariffs on Denmark and a handful of other European backers, including the UK, were cancelled.
- It appears a framework for a deal around Greenland including mineral rights, small pockets of land, US investments and security planning has been reached although very little has been confirmed at this stage. Markets have been calling this yet another example of a "TACO", (Trump Always Chickens Out) as Trump appears to have done a major U turn on Greenland.
- Looking ahead to today, markets will likely be digesting the overnight developments from Davos. Elsewhere, in the euro area, focus turns to the minutes from the December ECB meeting and the flash consumer indicator for January.

### Market Rates

CCY pair	Market rate at opening
GBP/USD	1.3413
GBP/EUR	1.1477
EUR/USD	1.1687
EUR/GBP	0.8713
GBP/AUD	1.9723
GBP/CAD	1.8542
GBP/CHF	1.0646
GBP/DKK	8.5723
GBP/HKD	10.4616
GBP/JPY	212.9480
GBP/NOK	13.2882
GBP/NZD	2.2893
GBP/SEK	12.1699
USD/CNY	6.9629

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