

## Markets Update

Thursday, 09 July 2026

- The pound to euro exchange rate (GBP/EUR) has risen to a new 12-month high, with sterling supported by calmer market conditions, reduced political uncertainty and continued weakness in the euro. Investors appear more reassured by the UK's political transition, while expectations that the European Central Bank could take a cautious approach to any further rate hikes have weighed on the single currency. Another factor supporting the pound is the shift in Bank of England rate expectations, driven by renewed tensions in the Middle East and a sharp increase in oil prices.
- GBP/USD is trading around \$1.3420, rising to fresh multi-week highs as easing UK political uncertainty offsets safe-haven demand for the US dollar amid escalating geopolitical tensions.
- The US dollar is holding firm against most major currencies as renewed attacks by the US and Iran revived safe-haven demand. At the same time, surging oil prices strengthened expectations of further rate hikes, keeping pressure on the yen. The US military said it had launched a fresh round of strikes on Iran, just hours after President Donald Trump declared that an interim agreement to end the war was "over". The developments sent oil prices sharply higher.
- Further adding to the pressure, the June FOMC minutes, the first under Chair Kevin Warsh, revealed a hawkish divide among policymakers as concerns over elevated inflation grew. Markets have lifted the implied probability of a rate hike this year to around 87%, according to CME FedWatch.
- On the data front today, investors will be focused on Germany's trade figures, the ECB meeting minutes and the weekly US labour market report. Markets remain highly sensitive to any surprises in labour market data, given the Fed's current hawkish stance.

### Market rates at opening

GBP/USD	1.3420
GBP/EUR	1.1732
EUR/USD	1.1435
EUR/GBP	0.8521
GBP/AUD	1.9345
GBP/CAD	1.6209
GBP/CHF	1.0821
GBP/DKK	8.7697
GBP/HKD	10.5155
GBP/JPY	217.86
GBP/NOK	13.1101
GBP/NZD	2.3418
GBP/SEK	12.9743
USD/CNY	6.7944

## 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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