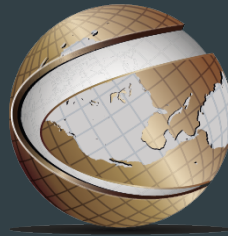


## MARKET REPORT



MAGNA FINANCIAL

To talk to us about your next trade, call [+44 \(0\) 20 3371 9200](tel:+442033719200)



- **GBP sees a recovery in retail activity**
- **EUR remains on a downward trajectory**
- **USD supported by robust retail performance**

## RECAP

The euro extended its losses across the board during yesterday's session following the **ECB's** decision to cut interest rates by another 0.25%, marking the third reduction this year and the first consecutive cut in 13 years. This move was driven by persistently low inflation and sluggish economic growth.

In her remarks, **President Lagarde** emphasized that the disinflationary trend is "well on track," with recent data over the past five weeks consistently pointing toward lower inflation. She further noted that the inflation outlook has been negatively impacted by recent underperformance in economic activity indicators.

Despite the rate cut, many market participants are expressing concerns that the **ECB** may be "falling behind the curve" and might need to implement even deeper cuts to avoid a recession.

Meanwhile, the resilience of consumers continues to surprise analysts, as the latest retail sales data from both the **US** and **UK** significantly outperformed expectations. This morning's UK report revealed that consumption activity rose by 0.3% in September, contrary to the forecasted 0.3% decline.

## TODAY

### DATA POINTS

Currency	Event	Period	Consensus	Previous
<b>USD</b>	Housing Starts	Sep	1.35m	1.356m

### OUR SUMMARY

The **USD** rally shows no signs of slowing, bolstered by stronger-than-anticipated economic data that has driven bond yields higher and led markets to dial back expectations for interest rate cuts in the coming year. This contrasts sharply with the outlook in both the **EU** and **China**, where weakening economies are fueling speculation of more aggressive monetary easing measures as central banks grapple with the challenges of economic slowdown.

Looking ahead, **USD** strength is expected to persist, while the euro and yuan may remain under pressure as their respective central banks are likely to focus on stimulus efforts.

### HOW WE CAN HELP

Our team of currency experts are here to help you get more from your money when making international payments. We will work with you to understand your payment needs and offer specialised guidance on the best options available to you. Get in touch with **Osman Hanif** today on [+44 \(0\) 20 3371 9200](tel:+44(0)2033719200) or email [osman@magnafinancial.com](mailto:osman@magnafinancial.com).



