Euro vs Pound Economy

Euro Area and United Kingdom | EUR/GBP

Report CRR-2026-002
Published 16 Oct 2026
Data cut-off 16 Oct 2026

The ECB raised rates twice. The Bank of England held.

Caberg Research Desk | 16 October 2026

THE CLOSED TRADE

Caberg closed a short EUR/GBP position on 16 October 2026 for +1.2% on fund capital.

The ECB has raised its deposit rate twice this year, to 2.50%. The Bank of England has held at 3.75%, but three of its nine members voted to raise. Energy pushed up prices in both: to 3.8% in the euro area in September and 3.1% in the UK in August.

Selected closed trade, not the full track record. Full record third-party verified, available on request at support@cabergasset.com. Past performance does not indicate future results.

KEY TAKEAWAYS

- Rates: the ECB is at 2.50% after its second rise this year. The Bank of England held at 3.75% in a 6 to 3 vote.
- Prices rose 3.8% in the euro area and 3.1% in the UK over the year. Energy pushed both higher.
- Growth: in the second quarter, GDP grew 0.6% in the euro area and 0.5% in the UK. Both beat forecasts.
- Jobs: the jobless rate is 6.4% in the euro area and 4.9% in the UK, up from 4.7% there a year earlier.
- Speculators in US futures are net short both: -11.4% of open contracts in euro futures and -36.7% in pound futures.

HEAD TO HEAD: WHOSE DATA WAS AHEAD

Euro Area EUR		VS		GBP United Kingdom
2.50% ECB deposit rate		**Interest rate** Central bank rate UK ahead		**3.75%** Bank of England Bank Rate
+0.6% better than forecast of +0.4%		**Growth** GDP q/q vs forecast Euro Area ahead		+0.5% better than forecast of +0.4%
6.4% in line with forecast		**Jobs** Jobless rate vs forecast UK ahead		**4.9%** better than forecast of 5.0%
+0.1% worse than forecast of +0.2%		**Shoppers** Retail sales m/m vs forecast UK ahead		**+0.5%** better than forecast of -0.2%
52.9 / 53.0 both up		**Business surveys** PMIs vs last month Euro Area ahead		51.9 / 52.1 one up, one down
3.8% Sep 2026		**Inflation** Consumer prices, y/y Not ranked		3.1% Aug 2026

Euro Area ahead on **2** | Not ranked: 1 | UK ahead on **3**

The UK was ahead on 3 themes: rates, jobs and shoppers. The euro area was ahead on 2: growth and surveys.

Inflation is not ranked, as higher prices can help or hurt a currency. Ahead marks the better result against forecast, or against the previous reading where there is no forecast. If both do equally well, the bigger beat is ahead. For interest rates it marks the higher rate. Each figure is the latest release; periods are in the macro snapshot on page 2. This describes the data only. It is not a forecast or a recommendation.

Public macro data for information only. Not financial advice.

Macro snapshot

Indicator	Latest	Previous	Consensus	Period	Signal
EURO AREA (EUR)					
GDP, q/q	+0.6%	0.0%	+0.4%	Q2 2026	Bullish vs cons.
Manufacturing PMI	52.9	52.7	Insufficient data to verify	Sep 2026	Bullish vs prev.
Services PMI	53.0	51.6	Insufficient data to verify	Sep 2026	Bullish vs prev.
Retail sales, m/m	+0.1%	-0.6%	+0.2%	Aug 2026	Bearish vs cons.
Inflation (HICP), y/y	3.8%	3.2%	3.6%	Sep 2026	Bullish vs cons.
Producer prices, y/y	8.2%	5.8%	8.1%	Aug 2026	Bullish vs cons.
Unemployment rate	6.4%	6.4%	6.4%	Aug 2026	Neutral vs cons.
Net count (bullish minus bearish), read for the EUR					+4
UNITED KINGDOM (GBP)					
GDP, q/q	+0.5%	+0.6%	+0.4%	Q2 2026	Bullish vs cons.
Manufacturing PMI	51.9	51.7	Insufficient data to verify	Sep 2026	Bullish vs prev.
Services PMI	52.1	52.5	Insufficient data to verify	Sep 2026	Bearish vs prev.
Retail sales, m/m	+0.5%	-0.5%	-0.2%	Aug 2026	Bullish vs cons.
CPI, y/y	3.1%	2.9%	3.1%	Aug 2026	Neutral vs cons.
Producer prices, y/y	3.7%	3.3%	3.3%	Aug 2026	Bullish vs cons.
Unemployment rate	4.9%	4.9%	5.0%	May to Jul 2026	Bullish vs cons.
Net count (bullish minus bearish), read for the GBP					+4

EUR: 5 bullish, 1 bearish, 1 neutral. GBP: 5 bullish, 1 bearish, 1 neutral. Signal reads each figure for the currency: actual against consensus for scheduled releases, latest against previous where no consensus exists. It describes the data only. It is not a forecast or a recommendation. Consensus is the market forecast before each release.

Risks: what would change the picture

EURO AREA

What would improve the picture

- Energy prices fall back. That would pull headline inflation down and ease pressure on the ECB.
- Third-quarter GDP matches the surveys. S&P Global said its PMIs point to growth of 0.4% in the quarter.
- Export orders keep rising and trade adds to growth again.

What would worsen it

- The conflict in the Middle East widens and energy prices rise further. ECB staff scenarios show a wide range of outcomes.
- Energy costs feed into wages and core prices. The ECB has named these second-round effects as a risk.
- Growth leans on one country. Ireland grew 10.2% in one quarter, and a reversal there would cut the euro area figure.

UNITED KINGDOM

What would improve the picture

- Energy prices fall back. That would ease inflation and the pressure on the Bank.
- Net trade keeps adding to growth, as it did in the second quarter.
- Pay growth slows again without a big rise in job losses.

What would worsen it

- Inflation rises further, as the Bank expects, and it raises rates.
- The job market gets weaker. Payrolls are already falling.
- The Middle East conflict lifts energy prices again. The Bank sees the risks to inflation tilted up.

01 CENTRAL BANKS AND RATES

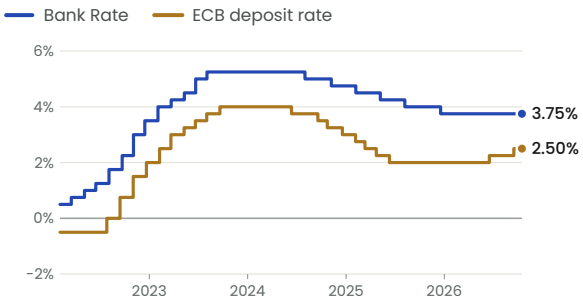
The ECB has raised rates twice this year. The Bank of England has held at 3.75%.

ECB deposit rate	Bank Rate	Next ECB decision	Next BoE decision
2.50%	3.75%	29 Oct 2026	5 Nov 2026
from 16 Sep 2026	held 17 Sep 2026	Oct 2026	Nov 2026

Rate	United Kingdom	Euro Area	Gap
Policy rate Bank Rate; ECB deposit rate	3.75%	2.50%	+1.25 pp
2-year government yield	4.70%	3.09%	+1.61 pp
10-year government yield	5.42%	3.51%	+1.91 pp

Gap is the UK minus the euro area. UK yields are from the Bank of England's gilt yield curve. Euro area yields use the ECB's AAA government curve. Both are for 14 Oct 2026.

Policy rates: Bank of England and ECB
Per cent, Bank Rate and ECB deposit rate



Source: Bank of England Bank Rate history and ECB Data Portal (FM.D.U2.EUR.4F.KR.DFR.LEV). Daily, 3 Feb 2022 (first Bank Rate change in the period) to 16 Oct 2026.

The ECB raised its three key rates by 0.25 points on 10 September, its second rise this year. It said inflation "is set to remain well above target for an extended period."

The Bank of England held Bank Rate at 3.75% on 17 September. The vote was 6 to 3; three members wanted a rise to 4%. The Bank said CPI inflation "is likely to rise further over coming quarters" and that the risks to inflation are tilted up.

So the policy rate gap narrowed this year, from 1.75 to 1.25 points. Bond yields went the other way. The two-year gilt yield is 1.61 points above the euro area yield, up from 1.54 at the start of the year. The market path in the Bank's September minutes peaks at about 4.9% by the end of 2027.

02 INFLATION

Energy lifted inflation in both. Core is 2.5% in the euro area, 2.6% in the UK.

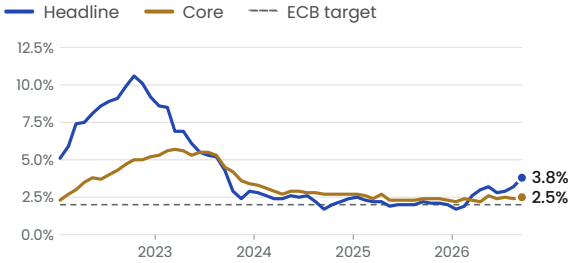
Euro area inflation	Euro area core	UK CPI	UK core CPI
3.8%	2.5%	3.1%	2.6%
Sep 2026	Sep 2026	Aug 2026	Aug 2026

Euro area prices rose 3.8% in the year to September, up from 3.2%. Before the first estimate, the forecast was 3.6%. Energy prices rose 18.9%.

UK prices rose 3.1% in the year to August, up from 2.9%, in line with the forecast. ONS said motor fuels gave the largest upward push; fuel prices rose 23.0% over the year. Services inflation was 3.4%.

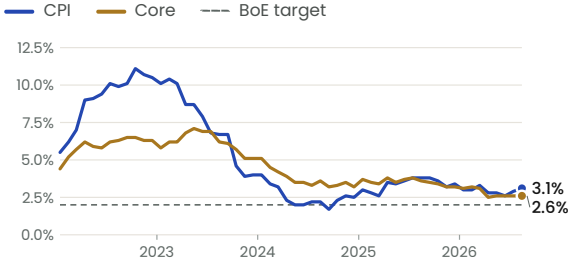
Costs are rising for firms in both. Euro area producer prices rose 8.2% in the year to August. UK factory output prices rose 3.7%.

Euro area inflation against the 2% target
HICP, annual change, per cent



Source: Eurostat, HICP (prc_hicp_minr). Monthly, Jan 2022 to Sep 2026 (final). Released 16 Oct 2026.

UK inflation against the 2% target
CPI, annual change, per cent



Source: ONS, CPI (D7G7) and CPI excluding energy, food, alcohol and tobacco (DKO8). Monthly, Jan 2022 to Aug 2026. Released 16 Sep 2026.

03 EURO AREA: GROWTH

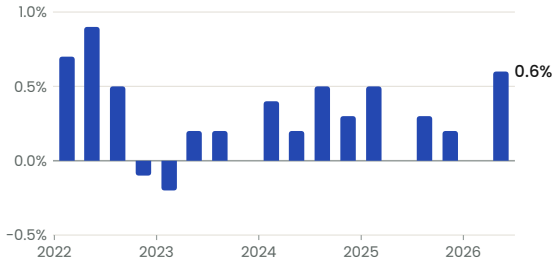
Growth picked up to 0.6% in the second quarter. Surveys point to 0.4% in the third.

GDP, q/q	GDP, y/y	Manufacturing PMI	Services PMI
+0.6%	1.2%	52.9	53.0
Q2 2026	Q2 2026	Sep 2026	Sep 2026

GDP grew 0.6% in the second quarter after 0.0% in the first. Forecasters expected 0.4%. One country did a large share of the work: Ireland grew 10.2% in the quarter. Net trade added 0.9 points to euro area growth and household spending added 0.2. Stock-building took away 0.5.

Surveys for the third quarter are firm. The composite PMI rose to 53.1 in September, a 41-month high. Hard data is softer. Retail sales rose 0.1% in August after a 0.6% fall in July. Industrial output fell 0.5% in August.

Euro area real GDP growth
Change on the previous quarter, per cent



Source: Eurostat, GDP and main components (namq_10_gdp), seasonally adjusted. Quarterly, Q1 2022 to Q2 2026. Released 7 Sep 2026.

04 EURO AREA: LABOUR MARKET

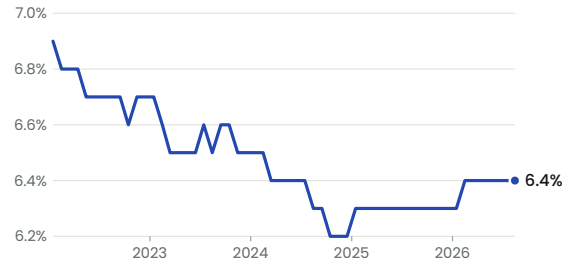
Unemployment has held at 6.4% since February. Pay growth has slowed.

Unemployment rate	Employment, q/q	Pay per hour, y/y
6.4%	0.1%	3.0%
Aug 2026	Q2 2026	Q2 2026

The jobless rate was 6.4% in August, the same as in July and in line with forecasts. A year earlier it was 6.3%. About 11.4 million people were out of work. Employment rose 0.1% in the second quarter.

Wages and salaries per hour rose 3.0% in the year to the second quarter, down from 3.4% in the first. So pay growth has slowed this year while inflation has risen.

Euro area unemployment rate
Per cent of the labour force, seasonally adjusted



Source: Eurostat, unemployment (une_rt_m), euro area. Monthly, Jan 2022 to Aug 2026. Released 1 Oct 2026.

05 EURO AREA: EXTERNAL SECTOR

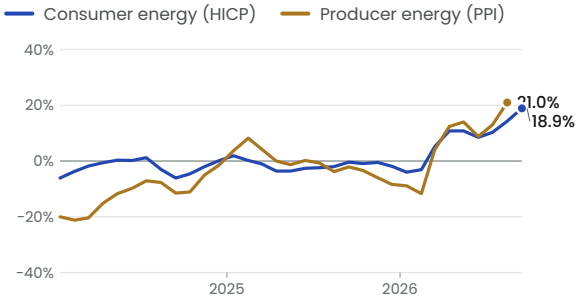
Energy is the main force from abroad, and trade has gone into the red.

Producer energy prices, y/y	Net trade, GDP contribution	Goods trade balance
21.0%	0.9 pp	-€16.1bn
Aug 2026	Q2 2026	Aug 2026

Energy is the main cost shock. The ECB links it to the war in the Middle East. Factory energy prices rose 21.0% in the year to August. Energy prices for households rose 18.9% in the year to September.

Trade helped growth in the spring. Net exports added 0.9 points to GDP in the second quarter. S&P Global said export orders rose again last month. But the trade balance has turned. The euro area had a goods deficit of €16.1bn in August, against €1.7bn a year before. Eurostat said most of this came from machinery and vehicles. The energy gap also grew, from €21.3bn to €26.7bn. So far this year, to August, the euro area has run a €5.4bn deficit. A year earlier it had a €90.9bn surplus.

Euro area energy prices: consumers and producers
Annual change, per cent



Source: Eurostat, HICP energy (prc_hicp_minr, to Sep 2026, final) and producer prices, energy (sts_inppd_m, to Aug 2026). Monthly from Jan 2024.

06 UNITED KINGDOM: GROWTH

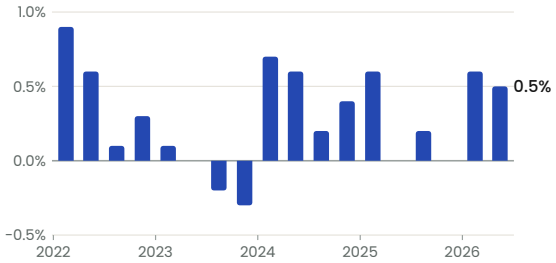
Growth held up: GDP grew 0.5% in the second quarter and 0.1% in August.

GDP, q/q	GDP, y/y	Manufacturing PMI	Services PMI
+0.5%	1.4%	51.9	52.1
Q2 2026	Q2 2026	Sep 2026	Sep 2026

GDP grew 0.5% in the second quarter after 0.6% in the first. The forecast was 0.4%. ONS said net trade was the main driver. Export volumes rose 2.8% and household spending 0.3%. The latest data show GDP grew 0.7% in the three months to August.

Surveys are positive but mixed. The manufacturing PMI rose to 51.9 from 51.7. The services PMI eased to 52.1 from 52.5. Retail sales in Great Britain rose 0.5% in August after a 0.5% fall in July.

UK real GDP growth
Change on the previous quarter, per cent



Source: ONS, quarterly national accounts (IHYQ). Quarterly, Q1 2022 to Q2 2026. Released 30 Sep 2026.

07 UNITED KINGDOM: LABOUR MARKET

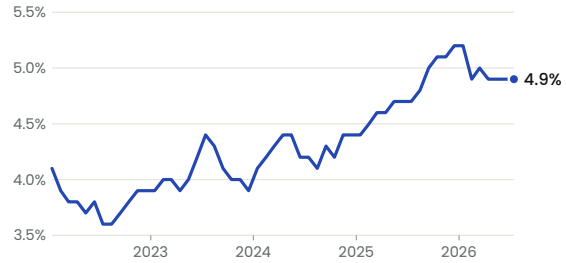
Unemployment is 4.9%, up from 4.7% a year earlier. Pay growth has slowed.

Unemployment rate	Regular pay, y/y	Payrolls, change in month
4.9%	3.5%	-26,000
May to Jul 2026	May to Jul 2026	Aug 2026

The jobless rate was 4.9% in the three months to July, below the 5.0% forecast. The number of employees on payrolls fell by 26,000 in August. ONS says this first estimate may change.

Regular pay grew 3.5% over the year, down from 4.8% a year earlier. The Bank of England said a soft job market will help bring inflation down over time.

UK unemployment rate
Per cent, aged 16 and over, three months to each month



Source: ONS, Labour Force Survey (MGSX), seasonally adjusted. Three-month periods ending Jan 2022 to Jul 2026. Released 15 Sep 2026.

08 UNITED KINGDOM: EXTERNAL SECTOR

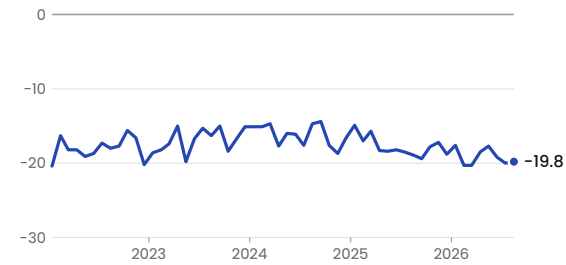
Energy and trade are the main forces from abroad. Fuel prices are up 23.0% on the year.

Motor fuels, y/y	Ofgem price cap, a year	Goods trade balance
23.0%	£1,723	-£19.8bn
Aug 2026	Oct to Dec 2026	Aug 2026

Energy is the first driver. Motor fuel prices rose 23.0% in the year to August, up from 15.5% in July. Household energy rose 6.0%. The Bank of England said conflict in the Middle East has pushed up crude and refined energy prices. Ofgem's price cap rose 4% to £1,723 a year from October.

Trade is the second. Net trade drove growth in the second quarter. But the goods deficit, leaving out precious metals, was £19.8bn in August. Goods exports to the EU fell 7.3% in the month.

UK goods trade balance
£ billion a month, excluding precious metals



Source: ONS, UK trade (FSIE), current prices, seasonally adjusted. Monthly, Jan 2022 to Aug 2026. Released 15 Oct 2026.

09 POSITIONING: FUTURES MARKETS

Speculators are net short both the euro and the pound in US futures.

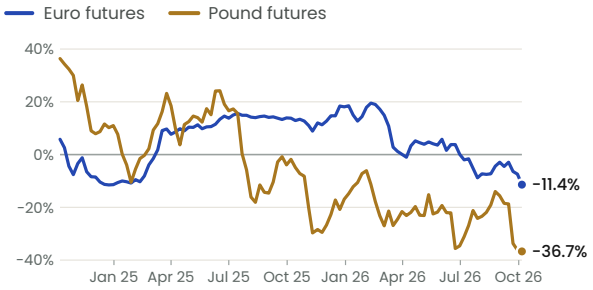
EUR net, % of open contracts	GBP net, % of open contracts	EUR net, weekly change	GBP net, weekly change
-11.4%	-36.7%	-36,076	-6,536
6 Oct 2026	6 Oct 2026	week to 6 Oct 2026	week to 6 Oct 2026

Each week the US futures regulator, the CFTC, shows how traders are placed. We track the non-commercial group: funds and others who trade for profit, not to hedge.

On 6 Oct 2026 their net EUR position was -11.4% of all open contracts. In GBP futures it was -36.7%. A minus sign means more short bets than long. In the latest week the net EUR position changed by -36,076 contracts, and the net GBP position by -6,536.

Positioning shows where traders stand. It does not show where prices will go.

Speculators' positions in currency futures
Non-commercial net position, % of all open contracts, weekly



Source: CFTC Commitments of Traders, legacy futures-only report, CME euro (099741) and pound (096742) contracts. Weekly, two years to 6 Oct 2026. Released 9 Oct 2026.

10 SEASONALITY

Over the past 10 years, EUR/GBP fell in Oct in 5 of 10 and in Nov in 6 of 10.

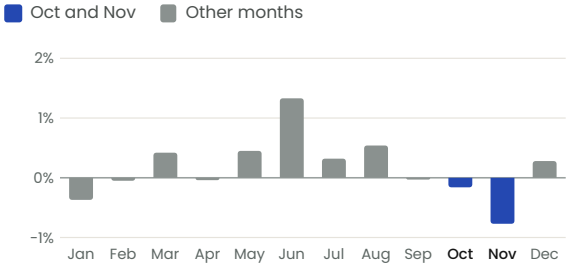
Average Oct change	Years EUR/GBP fell in Oct	Average Nov change	Years EUR/GBP fell in Nov
-0.16%	5 of 10	-0.77%	6 of 10
Oct, 2016 to 2025	Oct, 2016 to 2025	Nov, 2016 to 2025	Nov, 2016 to 2025

Seasonality shows how EUR/GBP moved in each month in past years. We use the ECB's reference rates from 2016 to 2025.

On average, EUR/GBP changed by -0.16% in Oct and -0.77% in Nov. One big year can swing these averages: EUR/GBP moved -5.33% in Nov 2016 alone.

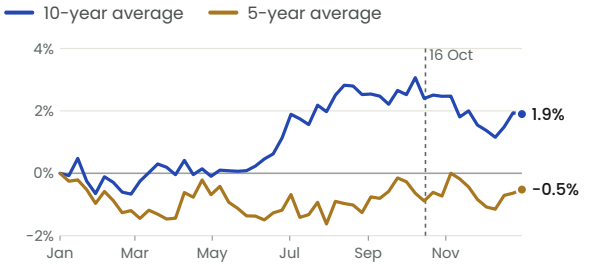
Past patterns do not predict future moves. We show them as context.

EUR/GBP: average change by month
Per cent, 2016 to 2025, from ECB daily reference rates



Source: ECB euro reference rates (GBP per EUR); Caberg calculation. Month-end to month-end change, averaged over 2016 to 2025. Data accessed 16 Oct 2026.

EUR/GBP: the average year
Per cent change from the first trading day; averages of 2016 to 2025 and 2021 to 2025



Source: ECB euro reference rates (GBP per EUR); Caberg calculation. Daily, each year rebased to its first trading day, then averaged. Past patterns do not predict future moves.

Data calendar: the next four weeks

Date	Economy	Release	Period	Source
Fridays from 16 Oct	Both	CFTC Commitments of Traders (weekly)	Week to Tuesday	CFTC
20 Oct 2026	United Kingdom	Labour market	Oct 2026 release	ONS
21 Oct 2026	United Kingdom	Consumer price inflation	Sep 2026	ONS
21 Oct 2026	United Kingdom	Producer price inflation	Sep 2026	ONS
22 Oct 2026	Euro Area	Consumer confidence, flash	Oct 2026	European Commission
23 Oct 2026	Euro Area	Flash PMIs	Oct 2026	S&P Global
23 Oct 2026	United Kingdom	Retail sales	Sep 2026	ONS
23 Oct 2026	United Kingdom	Flash PMIs	Oct 2026	S&P Global
29 Oct 2026	Euro Area	ECB monetary policy decision	Oct 2026	ECB
30 Oct 2026	Euro Area	GDP, preliminary flash	Q3 2026	Eurostat
30 Oct 2026	Euro Area	Unemployment	Sep 2026	Eurostat
2 Nov 2026	Euro Area	Manufacturing PMI	Oct 2026	S&P Global
2 Nov 2026	United Kingdom	Manufacturing PMI	Oct 2026	S&P Global
4 Nov 2026	Euro Area	Services and composite PMI	Oct 2026	S&P Global
4 Nov 2026	Euro Area	Inflation (HICP), flash	Oct 2026	Eurostat
4 Nov 2026	United Kingdom	Services PMI	Oct 2026	S&P Global
5 Nov 2026	Euro Area	Producer prices	Sep 2026	Eurostat
5 Nov 2026	United Kingdom	Bank of England decision	Nov 2026	Bank of England
6 Nov 2026	Euro Area	Retail trade	Sep 2026	Eurostat
12 Nov 2026	United Kingdom	GDP, first quarterly estimate	Q3 2026	ONS

Dates are local release dates in each economy.

ABOUT CABERG

Caberg Asset Management is a global macro investment manager. It manages separately managed accounts for high-net-worth investors and for institutional and B2B clients. Contact: support@cabergasset.com

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