IFX PAYMENTS

WEEKLY FX REPORT

GBP/EUR

Fundamental Analysis

Recent developments

For several months, GBP/EUR has consistently failed at the major chart resistance level of 1.1610. Last week the level was finally broken to the upside, leading to a strong momentum breakout. This major development should keep the bias to the upside for GBP/EUR so long as price action remains above 1.1610.

There is a very light data schedule for both sterling and the euro this week, meaning technicals will take on greater importance. Now the breakout has occurred, we should expect any retracement to hold at 1.1610 and precede further gains.

> **‘A significant technical breakout leaves bias to the upside’**

BoE Governor Bailey spoke at the Sintra forum last week, reiterating that rate cuts currently remain "off the table", despite the fall in oil prices. He is keen to observe whether 'second-round' inflation effects materialise (higher wages / goods prices etc). The fact that oil has now given back all US/Iran war-related gains is good news for the UK economy as a net energy importer, and could feasibly mean the BoE remains on hold for several months, prior to expected cuts in Q1 2027. With UK yields holding an advantage over European counterparts, the bias should remain to the upside in this currency pair.

Markets less convinced of ECB hikes, leaving euro on the back foot

Lagarde defended the recent rate hike at Sintra last week, but very much sat on the fence with regard to future rate hikes. It seems unlikely that the ECB will raise rates at the end of July, and last week's below-forecast inflation print and lower oil prices may also mean a September hike could be in question. This less hawkish outlook, allied to weak growth data and falling bond yields, has left the euro somewhat unloved in FX markets. Much of this is reflected in recent euro declines, but it seems hard to find a bullish narrative that could drive the euro much firmer under current fundamental conditions. We should broadly expect the euro to remain on a weaker footing this week.

GBP/EUR Daily Chart

IFX Payments created with TradingView.com, Jul 06, 2026 09:42 UTC+1

TradingView

Market Condition

Daily
Uptrend

Weekly
Consolidation

Technical Analysis

Price action, finally, has broken out of the multi-month consolidation! The break-out above 1.1610 has been a powerful one and should now give us a constructive bias. A pullback - if it occurs – would need to hold the 1.1610 to keep the bullish technical in place. There are very few upside technical hurdles until the 1.1740 level but achieving that level this week could be difficult given the lack of inbound data releases. It is feasible that price action pauses after last week's strong gains, but the bias remains to the upside over the longer-term timeframe in this pair.

Upside

1.1740

The first upside level to offer resistance. Huge level in 2024.

1.1767

Another big tech level from 2024 that could arrest a rally.

1.1860

This big chart level would constitute a long-term upside target for GBP/EUR.

Downside

1.1610

We should expect a retracement to hold at this level.

1.1564

Light technical support here.

1.1465

Major long term technical support here, unlikely to be tested any time soon.

Looking Ahead

A look ahead to the key scheduled data releases for the week

GBP

06 Monday	07 Tue	08 Wed	09 Thu	10 Fri
AM: Construction PMI				

EUR

06 Monday	07 Tue	08 Wed	09 Thu	10 Fri
	AM: German industrial production	PM: Nagel speaks		

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