IFX PAYMENTS

WEEKLY FX REPORT

GBP/USD

Fundamental Analysis

Recent developments

GBP/USD continued to slide last week, largely as speculators rolled out of the upside positions which had built around the new Burnham premiership, and the dollar was supported during the oil price spike. The pair continues to trade in a rangebound market condition ahead of a busy week where both the BoE and Fed meet.

In wider markets, oil begins the week sharply lower after both sides agreed to hold off from strikes, which will partially help central bankers in their assessment of ongoing inflation risks. Trump also announced fresh tariffs on sixty countries, although market reaction was quite muted.

> **‘The Bank of England will keep rates on hold this week’**

Last week's UK inflation print came in slightly softer than forecast at 2.6% (versus forecast of 2.7%). The BoE are very unlikely to raise rates this week, but recent oscillations in oil will keep their messaging highly cognisant of inflation risks. The MPC vote split could be either 7-2 or 6-3 on Thursday – should three members vote to hike, this could prompt some sterling support. Recent benign wage inflation data, and some relief on electricity bills, will help support a 'hold' this week, whilst the BoE will flag that they remain data dependent and monitoring Middle East developments going forward.

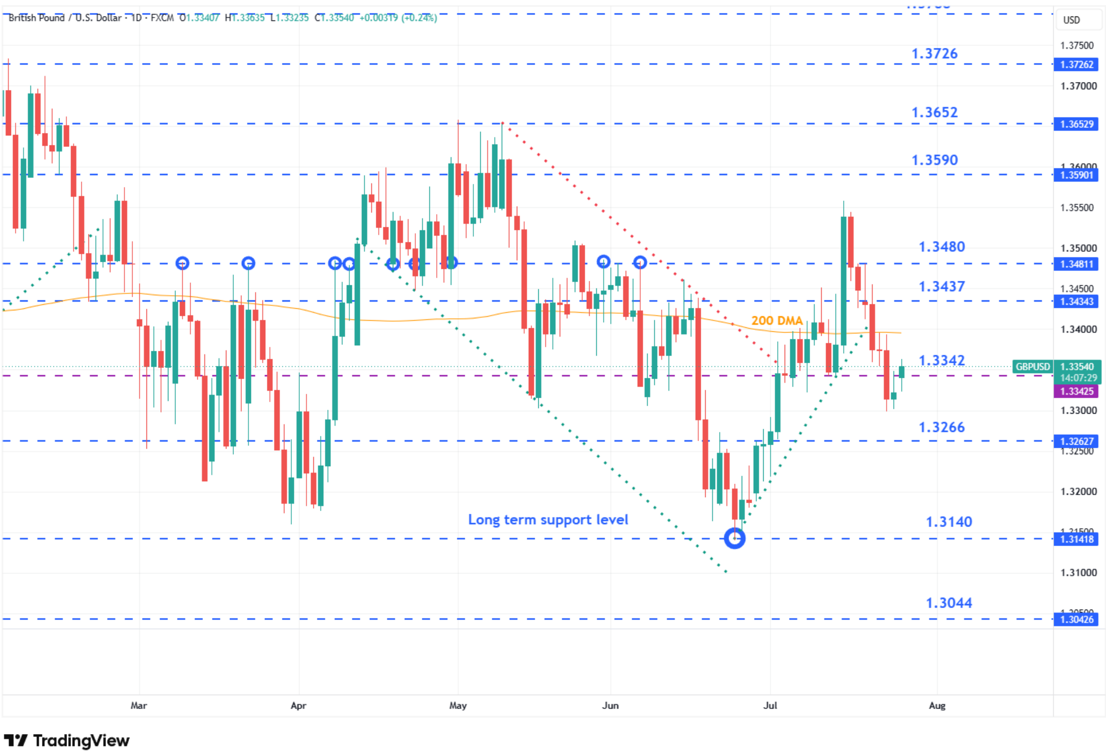
USD awaits Fed meeting this week

The market's 'base case' is that the Fed will keep rates on hold this week. Just 10 basis points of hikes are priced. Should a hold take place, the impact on the dollar will be benign. However, markets could be underestimating the risk of a hike this week, particularly given that new Fed Chair Warsh has persistently flagged that inflation is too high, and he is keen to move away from 'forward guidance' (i.e. to not indicate what future policy is likely to be).

Therefore, we should flag that a surprise rate hike this week is a tail risk and could prompt a dollar rally in the event it unfolds. The recent oil price rises will be fresh on the FOMC's mind and will remain a headache going forward. In equities, there are a number of earnings releases this week which, if disappointing, could prompt some equity downside which would provide dollar support. In general, we feel the dollar should remain on the firmer side across the week.

GBP/USD Daily Chart

IFX Payments created with TradingView.com, Jul 27, 2026 07:52 UTC+1



This TradingView graph has been modified to display ‘trendline resistance’ and ‘trendline support’.

Market Condition

Daily
Consolidation

Weekly
Downtrend

Technical Analysis

Last week, we flagged that the 1.13480 was offering some upside resistance. Not only that, but should price action remain below this level, a downside bias would remain. This has followed through, and indeed price action has simply reverted back to the middle of recent ranges. Over the longer term, GBP/USD is trading within a broad range of support at 1.3140 and resistance at 1.3480. Should oil prices slide further this week, GBP/USD could test the 1.34 handle again, but we see limited scope for gains beyond that this week.

Upside

1.34

The 200 DMA sits here and is offering some upside resistance.

1.3480

Huge long term technical level which will continue to offer upside resistance.

1.3590

Massive level unlikely to be tested in the short term.

Downside

1.3266

The first downside technical support level below spot.

1.3213

Some light technical support here.

1.3140

Massive long term support level which held the recent decline.

Looking Ahead

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

GBP

27 Monday	28 Tue	29 Wed	30 Thu	31 Fri
			PM: BANK OF ENGLAND MEETING	PM: Huw Pill speaks

USD

27 Monday	28 Tue	29 Wed	30 Thu	31 Fri
		PM: FOMC meeting	PM: Core PCE m/m	PM: Consumer sentiment

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