IFX
PAYMENTS

WEEKLY FX REPORT

GBP/USD

Fundamental Analysis

Recent developments

GBP/USD staged a technical rally which began from the big technical support level of 1.3140 we have highlighted in recent commentary. A degree of dollar weakness drove the move, given month- and quarter-end flows and position squaring into the Independence Day holiday, before a weak NFP data release squeezed the dollar further.

> ‘Strong bounce from 1.3140 as dollar pares recent gains’

Amongst key central bankers speaking at the Sintra forum, Warsh acknowledged that inflation expectations and risks had receded since the June meeting, which was enough to trigger a bout of dollar weakness, particularly after such strong recent gains.

Bailey, also speaking at the Sintra forum, reiterated that rate cuts currently remain "off the table" despite the fall in oil prices. Much like other central bankers, he is buying time to observe potential 'second-round' inflation effects (higher wages / higher goods prices etc.) and whether this should support rates staying on hold, or even a hike, over the several-month time horizon.

This week holds little in terms of key UK data releases, meaning upside technical resistances should remain a focus, as well as whether last week's dollar retracement can extend.

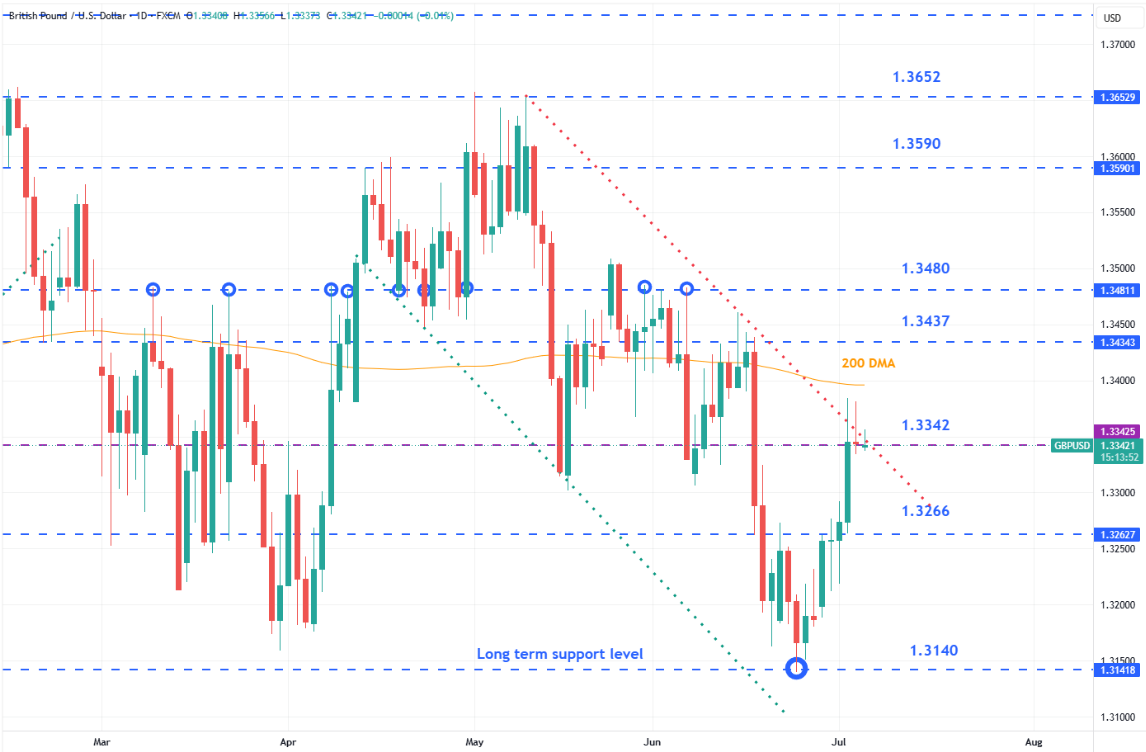
Non-Farm Payrolls miss takes the fizz out of the dollar

The dollar had already given up some gains going into the holiday in the US last week. Thursday's Non-Farm Payrolls (NFP) badly missed the median forecast of 113K jobs added for the month, coming in at just 57K. This expedited a weaker dollar and allowed market pricing to reduce the chance of a July rate hike to just 20%. Given the market had got long dollars in recent weeks, fuelled by the hawkish tone of Warsh's first Fed meeting, the dollar weakness made complete sense. Focus early this week will remain on the extent to which the dollar weakness can extend.

That said, we should stress that Warsh's primary focus is on bringing inflation back to target, as, despite last week's softer data, the labour market has been strong. In general, markets are pricing 0.3% of hikes for this year; any fading of this hawkish pricing could leave the dollar at risk of some weakness, especially as positioning has been loaded to the long side of late. This week, Services PMI is a key data release, and Wednesday's minutes from the last FOMC will provide some further clarity on recent Fed members' views on appropriate rate policy.

GBP/USD Daily Chart

IFX Payments created with TradingView.com, Jul 06, 2026 06:46 UTC+1



TradingView

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

Market Condition

Daily
Downtrend

Weekly
Downtrend

Technical Analysis

In recent commentary we highlighted the formidable technical support level of 1.3140. The current rally began precisely from this level, but remains, currently a retracement in the overall downtrend. As such, should upside technical levels cap further gains, all eyes will be on whether a new momentum low can be made below 1.3140, a pre-requisite for the downtrend condition to remain intact.

The descending trendline resistance and 1.3342 level has thus far capped the move higher, and the 200 DMA sits just above at 1.34. It is probable that price action could stall at these level, but a break above 1.34, which can hold for two days, would constitute a more bullish development, and encourage more constructive positioning.

Upside

1.3342

Trendline resistance and technical level can stall recent gains.

1.34

The 200 DMA sits here and should suppress gains.

1.3480

Massive level unlikely to be tested in the short term.

Downside

1.3266

The first downside technical support level below spot.

1.3140

Massive long term support level which held the recent decline.

1.3044

Support level here should 1.3140 break to downside.

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				

USD

06 Monday	07 Tue	08 Wed	09 Thu	10 Fri
PM: ISM services PMI		PM: FOMC meeting minutes	PM: Weekly unemployment claims	

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