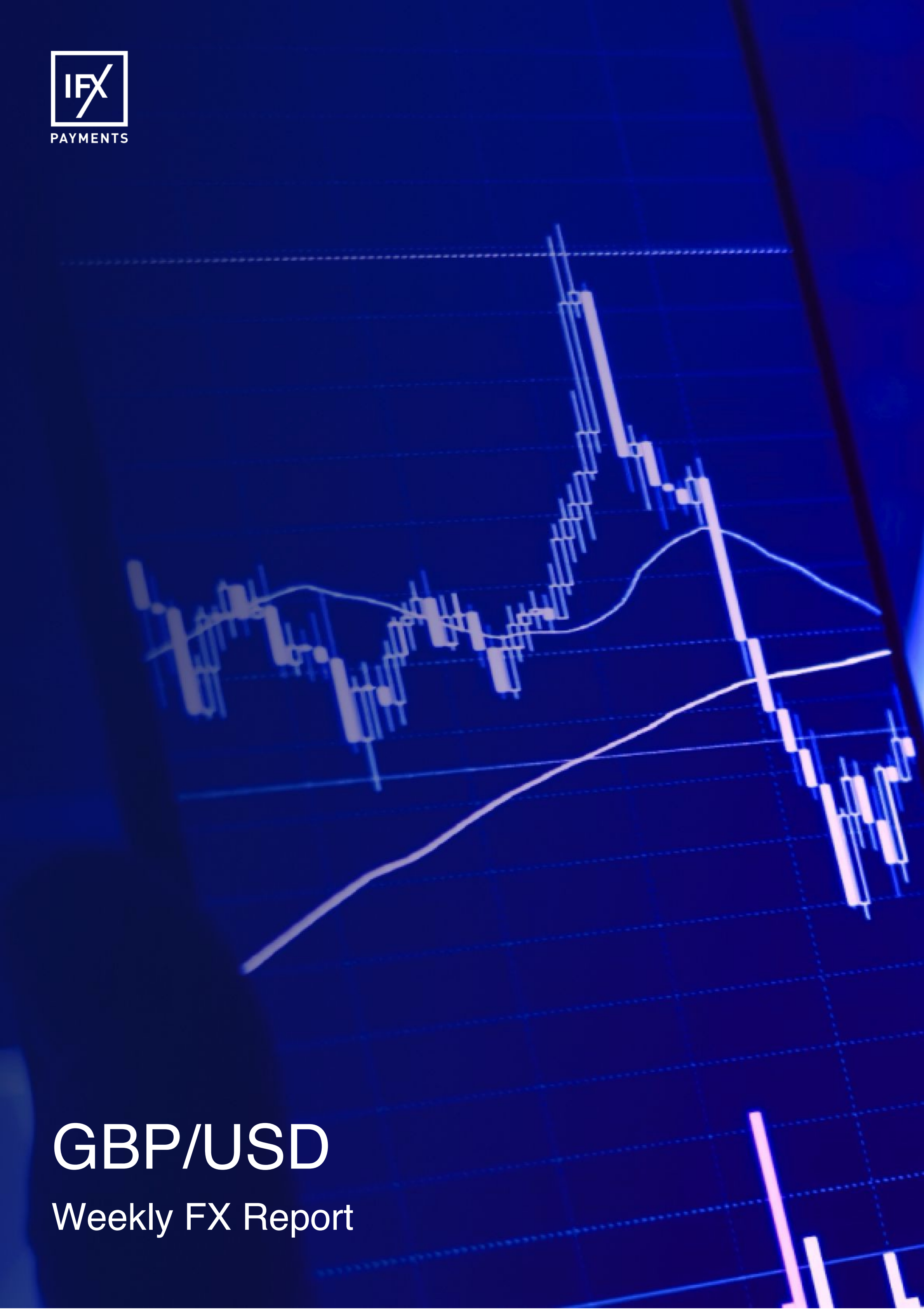


IFX PAYMENTS

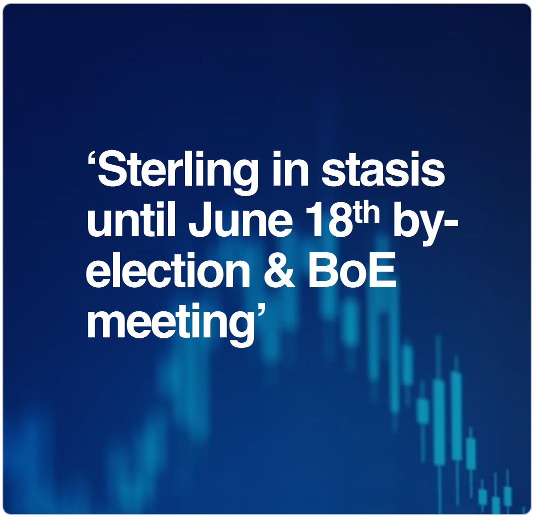
GBP/USD

Weekly FX Report

Fundamental Analysis

Recent developments

GBP/USD remained rangebound last week, initially buoyed by imminent de-escalation in the Middle East, before the dollar bid re-emerged on renewed escalation. Domestic politics has driven sterling volatility of late, but there's a pregnant pause before the 18 June Makerfield by-election. Middle East-driven macro 'risk on / risk off' will remain the main driver before then. This week, Bailey speaks at an investment conference in London, whilst in the US, Friday's Non-Farm Payrolls is the major scheduled data release.



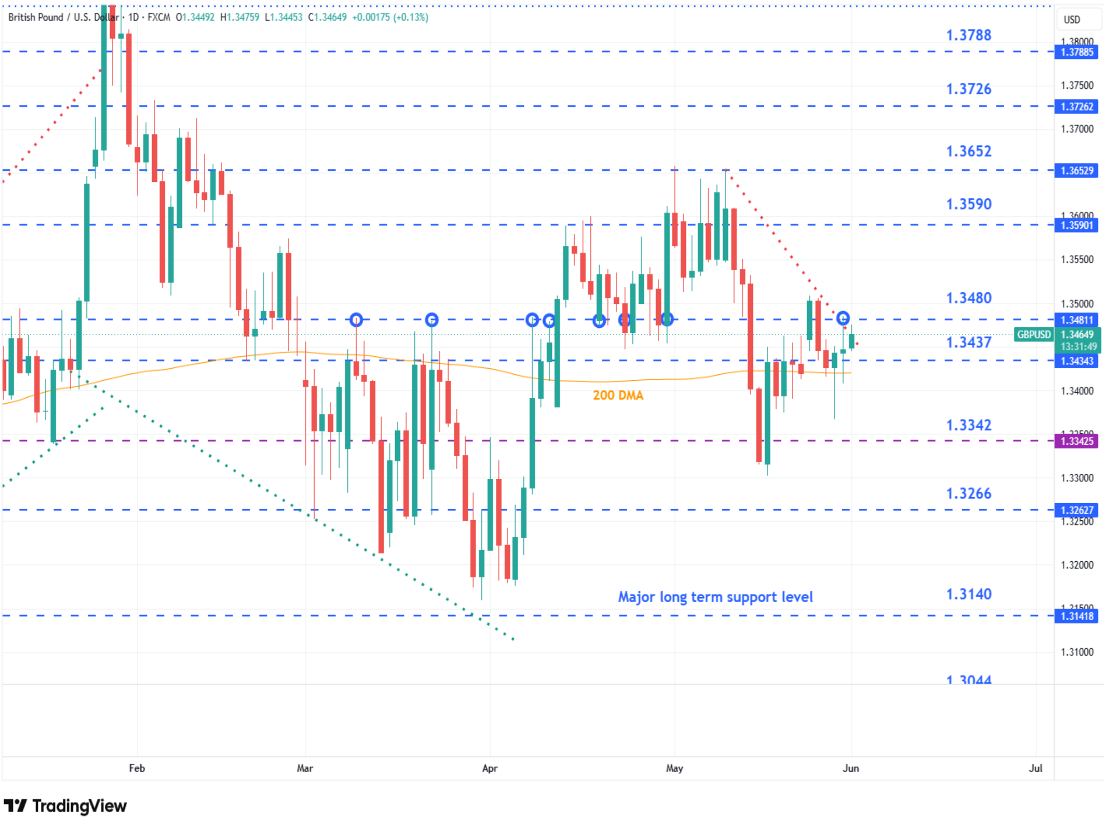
Recent UK data has tested broad sterling resilience; April retail sales fell 1.3% (double the forecast), led by a fall in fuel sales amidst high prices. Rising budget deficit data and the recent fall in inflation (if just a one-off) allow markets to expect the BoE to remain on hold in coming meetings. The broad fundamental mix does not foster a particularly constructive sterling view, but clearly any definitive US/Iran 'deal' is the upside risk to a bearish view. Bailey speaks this week, but is unlikely to deviate from comments made last week, stating "you'd have to be much more confident the energy shock is not long-lasting before considering a rate cut."

Dollar strength pauses as data softens and potential de-escalation undermines safe-haven flows

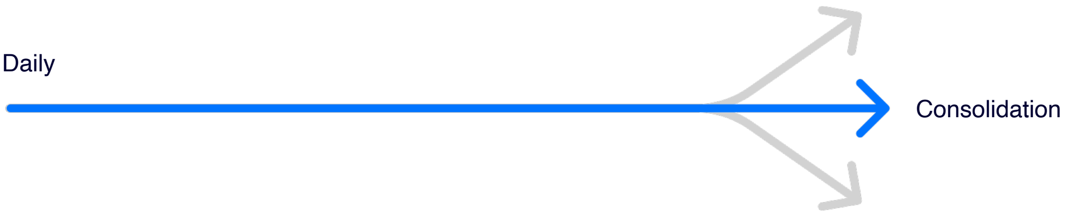
Core PCE (the Fed's preferred inflation measure) at 0.2% m/m was 0.1% below forecast last Thursday, alongside a far weaker-than-expected GDP figure. This was enough to unwind much of the gains seen in the dollar last week. Underlying sentiment has become more positive for the dollar… Short positioning has reduced heavily, data has generally been solid, and of course markets have begun to price in a rate hike towards the end of the year, representing a marked shift in expectations from Q1. Last week, various Fed members struck a hawkish tone. Cook suggested that, given the labour market is looking resilient, the Fed should be more focused on the 2% inflation target (and thus lean more towards hawkish policy). News of a 60-day US/Iran ceasefire also undermined the dollar safe-haven bid, but both sides are not fully aligned. Trump urged markets to "sit back and relax" and said Iran wants to make a deal. Non-Farm Payrolls on Friday are expected to show 95k jobs added for the month. A big deviation from this number would be required to shift the market's rate policy expectations.

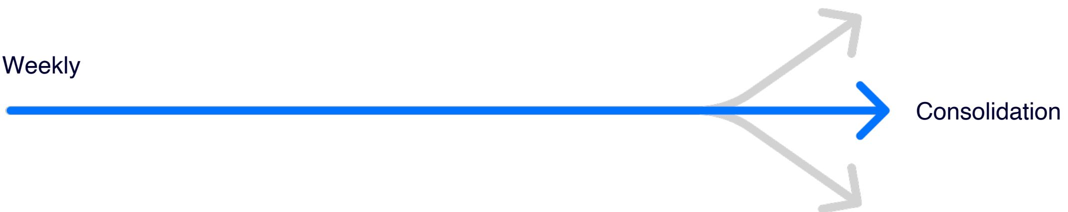
GBP/USD Daily Chart

IFX Payments created with TradingView.com, Jun 01, 2026 08:28 UTC+1



Market Condition





Technical Analysis

Price action has entered a classic consolidation phase with no clear directional bias. Volatility has meaningfully reduced since the weakness induced by the emergence of a Burnham leadership bid. Weakness last week did not penetrate the prior momentum lows, and the market is now back above the 200 Day moving average. The big 1.3480 level capped Friday's gains, and for sure, a definitive break above this level would be an incrementally bullish development, allowing a move to 1.3590 to ensue. The downside appears limited to the mid 1.33's in anticipation of the June 18th by-election.

Upside

1.3480	1.3509	1.3590
Big technical level respected by the markets on many occasions since March.	Breaking above last week's high would be constructive.	Longer term resistance lies here and at 1.3652.

Downside

1.3420	1.3342	1.3140
200 DMA sits here and offers light technical support.	Nearby weakness likely to find support here until fundamentals materially change.	Huge long term technical support level.

Looking Ahead

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

GBP

01 Monday	02 Tue	03 Wed	04 Thu	05 Fri
	PM: Bailey speaks		PM: Bailey speaks	AM: Bailey speaks

USD

01 Monday	02 Tue	03 Wed	04 Thu	05 Fri
PM: ISM Manufacturing PMI	PM: JOLTS Job openings	PM: ADP Non-Farm employment change ISM services PMI		PM: Non-Farm payrolls

PAYMENTS