

The background of the entire page is a blue-tinted image of a hand holding a smartphone. The phone's screen displays a financial candlestick chart with a grid background. The chart shows price fluctuations over time, with a notable peak followed by a sharp decline. The overall aesthetic is modern and tech-oriented.


GBP/EUR

Weekly FX Report

Fundamental Analysis

Recent developments

GBP/EUR remained below key upside resistance at 1.1610 last week, as the euro remained resilient given some expectation of a June hike from the ECB. In the UK, a very poor outcome for Labour in local elections has kept pressure on Starmer who gave a speech today in an effort to remain in control. Starmer is hanging his hat on closer alignment with the EU, but a possible leadership challenge is a downside risk for sterling as discussed here in recent weeks.



‘Focus remains on whether Starmer can hang on in the aftermath of dismal local elections’

Rayner is applying pressure on Starmer to move significantly to the left, entertaining some ideologies that would not be supportive to sterling. Winning support of 20% of the Parliamentary party is required to trigger a leadership contest, and markets will await any possible machinations in the aftermath of today’s speech. Should Starmer/Reeves hold on, this should provide some sterling support. This would retain the relative fiscal responsibility approach which has kept sterling broadly supported. Elsewhere, Thursday’s month on month GDP is expected to show contraction at – 0.2%.

Lagarde stresses ‘massive uncertainty’ but markets see June meeting as ‘live’

Lagarde has stressed “massive uncertainty” (on growth and inflation) driven by the Iran war, underscoring the risk of acting too early or too late on rate policy. She said she needs “a lot more data” and declined to signal whether rates will rise at the June meeting. Market pricing sees around 20 basis points of hikes for June, making the meeting very much ‘live’. De Guindos urged prudence from the ECB, conceding that “data on growth over the next few weeks is not going to be good”. This highlights the higher inflation/low growth quandary the ECB finds itself in. We feel the euro would be making solid gains currently if it were not for the drag on growth driven by the Iran conflict. Should middle east tensions dissipate rapidly (unlikely for now) this could provide a catalyst for the euro.

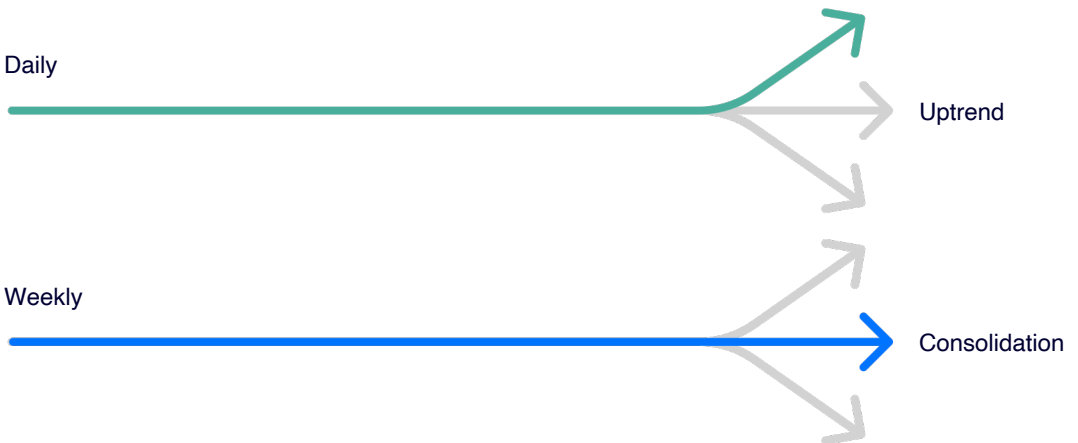
GBP/EUR Daily Chart

IFX Payments created with TradingView.com, May 11, 2026 10:17 UTC+1



TradingView

Market Condition



Technical Analysis

Price action remains in a wide consolidation, with a near-term upside bias. One of the biggest technical levels in G10 FX currently must be the 1.1610 upside resistance. This is a reference point for major market participants, and there will be a plethora of limit orders/stop orders at and above the level. We should continue to see this as a major barrier to the upside but means any eventual break to the upside could elicit significant fresh positioning and could be bullish. To the downside, 1.1534 is holding once again, and below here, 1.1512/1.1465 are the next key downside levels to observe.

Upside

1.1610

—
Huge long term technical resistance here.

1.1667

—
The next upside resistance if price breaks above 1.1610.

1.1740

—
Huge resistance level in 2023 – will remain relevant.

Downside

1.1534

—
Nearby technical support evident here.

1.1465

—
Consistent, solid technical support here in recent weeks.

1.1385

—
Downside target for the next leg of technical weakness.

Looking Ahead

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

EUR

11 Monday	12 Tue AM: German ZEW economic sentiment	13 Wed PM: Lagarde speaks	14 Thu German & French bank holiday	15 Fri
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GBP

11 Monday	12 Tue	13 Wed	14 Thu AM: GDP m/m	15 Fri
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