



GBP/USD

Weekly FX Report

Fundamental Analysis

Recent developments

GBP/USD remained within recent price ranges last week, but a modest upside bias – driven by macro ‘risk on’, rising Gilt yields and the afterglow of a hawkish BoE – continued to outweigh any nascent political risk posed by disappointing local election results for Labour. Sterling downside risk remains, contingent upon a successful leadership challenge. UK GDP on Thursday, and US CPI (inflation) are the key scheduled data releases this week.



‘Sterling risk remains if Starmer is squeezed out’

UK PM Starmer spoke this morning, in the fall out of the dire results, in an effort to retain control. Rayner is applying pressure for Starmer to move significantly to the left, entertaining some ideologies that would not be supportive to sterling. Starmer used the concept of closer alignment to the EU to ingratiate himself to the electorate. 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. Elsewhere, Thursday’s month on month GDP is expected to show contraction at – 0.2%.

Dollar consolidates awaiting fresh directional catalysts

The markets, and messaging from the Fed, effectively have the balance of the year marked down as a holding pattern, with rates on hold. This takes some intrigue out of the FX market in relation to economic data releases and places the emphasis on geo-political developments and macro cross-asset themes. Last Friday’s Non-Farm Payrolls – which beat expectations quite comfortably – caused little reaction, as markets see little scope for data to materially shift Fed rate policy. As such, tomorrow’s CPI (inflation) would need to print significantly higher than the +0.3% core inflation number to arrest the modest dollar weakness currently in play. As ever, US/Iran developments remain a key driver of market sentiment, but markets are perhaps becoming less sensitive to the well trodden playbook. US equities continue to ‘rip’ higher driven by the big cap hyper-scalers. It is not inconceivable that a healthy equities pullback could be pending, which would lend some support to the dollar should it materialize in coming weeks.

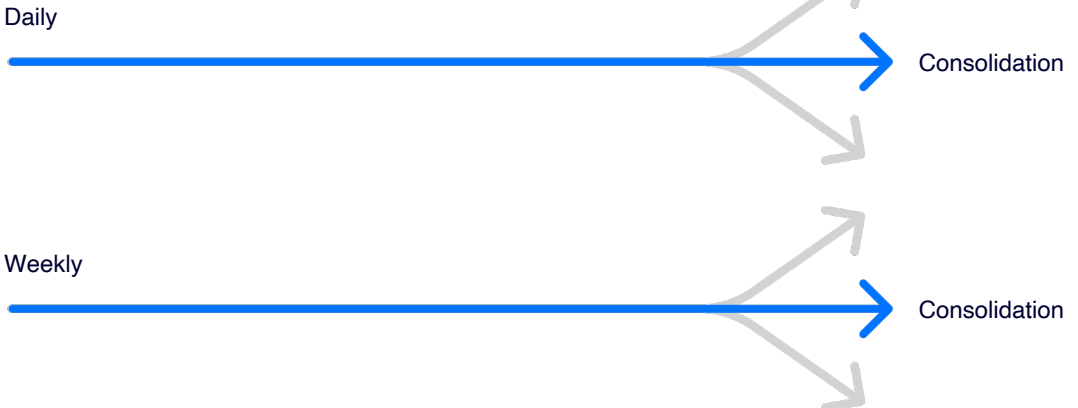
GBP/USD Daily Chart

IFX Payments created with TradingView.com, May 11, 2026 08:51 UTC+1



TradingView

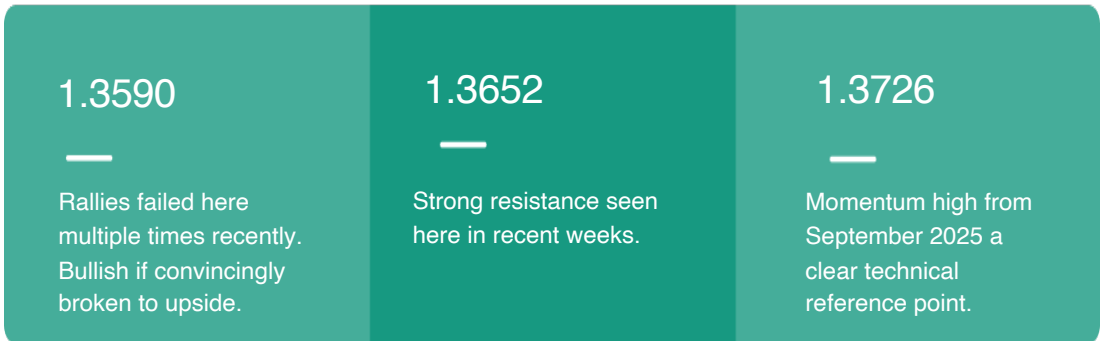
Market Condition



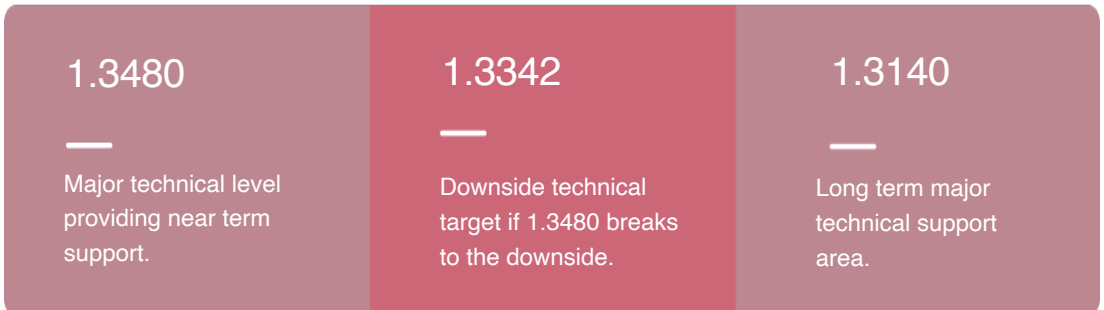
Technical Analysis

As noted last week, “the *technical* bias should remain to the upside”. We continue to observe trendline and technical support at 1.3480, but rallies lack follow through into the mid 1.36’s. A further push higher needs to close above 1.3650 to open the door to continuation towards 1.3726. Should a sterling negative political development materialize, GBP/USD needs to close below formidable support at 1.3480 to look technically vulnerable and drive technically driven selling flow/long liquidation.

Upside



Downside



Looking Ahead

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

GBP

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

USD

| | | | | |
|---------------------|---|----------------------------------|--|------------------|
| 11 Monday | 12 Tue PM: CPI (inflation) | 13 Wed PM: Core PPI | 14 Thu PM: Retail sales Various Fed speakers | 15 Fri |
|---------------------|---|----------------------------------|--|------------------|

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