



GBP/EUR

Weekly FX Report

Fundamental Analysis

Recent developments

GBP/EUR consolidated last week, whilst holding key technical support at the 1.1465 level. Sterling jitters have subsided as PM Starmer has done enough, for now, to hold on to his position, allowing markets to become less concerned over the ramifications of a leadership change. Markets continue to ascribe an over 70% chance of a rate cut at the March BoE meeting, keeping the chance of some policy divergence between the BoE and ECB alive. Manufacturing and services PMI are inbound for both the UK and Europe on Friday, before which the UK gets unemployment and inflation data mid week.



**'Wednesday's
inflation print key
to solidifying rate
cut expectations
at the next BoE
meeting'**

Tuesday's unemployment data is expected to tick higher, which may feed into the softening labour market over the last few months. Economists strongly expect Wednesday's inflation to turn markedly lower to 3% y/y, which will be important to maintaining a high probability of a rate cut in March. Clearly, the surprise would be a print of 3.2% or higher which would lead to near term sterling support and a further delay to the rate cut narrative. This is the key focus of the week. Friday's PMI, as ever, provides a fresh update on forward looking expectations from the services and manufacturing sector.

PMI data a near term driver of euro sentiment

With the recent data schedule for the eurozone remaining light, there has been some focus on rhetoric from various ECB members, especially after Lagarde chose to mention FX rates at the recent central banks meeting. Kazaks suggested they had "yet to see full impact of euro appreciation" and ECB were in "monitoring mode", whilst Makhouf warned rates could move either way depending on the inflation path. With markets expectant of the ECB remaining on hold for most of the year, it is increasingly incumbent on data releases, such as Friday's PMI, to drive sentiment and positioning. There remains a general expectation of further euro appreciation, so a weaker release on Friday would represent a risk to this view. In general, we expect the near term rangebound condition in GBP/EUR to persist.

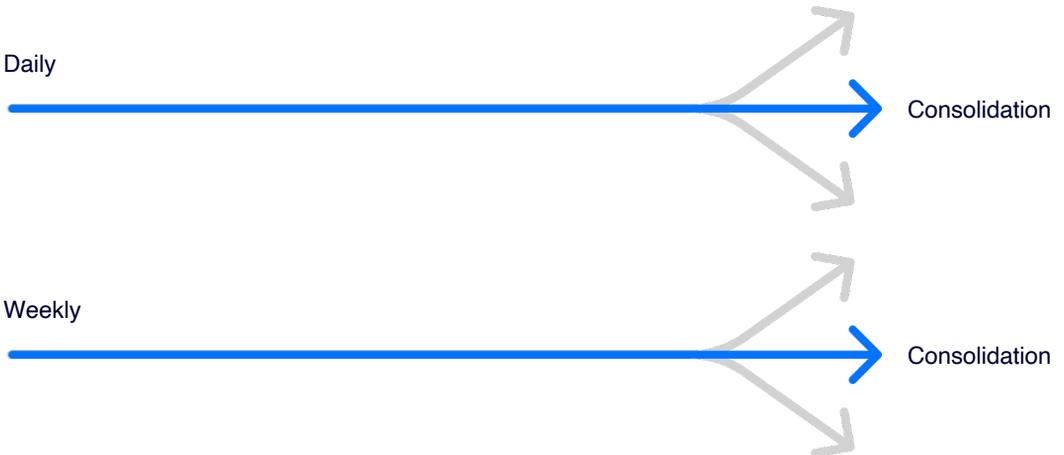
GBP/EUR Daily Chart

IFX Payments created with TradingView.com, Feb 16, 2026 10:34 UTC



TradingView

Market Condition



Technical Analysis

Price action remains in a broad uptrend. The retracement last week has thus far held at trendline support and the 1.1465 level, but a break below these levels would be a bearish development and could lead to some near-term pressure to the downside. Under current fundamental dynamics, any possible gains this week are likely to remain capped by the 1.1564/1.1580 levels. Over a longer timeframe, there remains long term major technical support to the downside at 1.1340.

Upside

1.1534

—
The first upside resistance above spot price action.

1.1580

—
More technical resistance likely here.

1.1606

—
The recent rally faltered at this major resistance area.

Downside

1.1465

—
Big support level has held thus far, but bearish if broken to the downside.

1.1422

—
Technical support lies here should 1.1465 break.

1.1340

—
Big chart support area from Q4 2025.

Looking Ahead

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

EUR

16 Monday AM: Nagel speaks	17 Tue AM: Economic sentiment	18 Wed	19 Thu	20 Fri AM: Manufacturing & services PMI
---	--	------------------	------------------	--

GBP

16 Monday	17 Tue AM: Claimant count change	18 Wed AM: CPI	19 Thu	20 Fri AM: Retail sales Manufacturing & services PMI
---------------------	---	---------------------------------	------------------	--

The contents of this article do not constitute financial advice and are provided for general information purposes only. While the content is based on information believed to be accurate at the time of publication, no guarantee is provided. Links to third-party websites are included for convenience only, and IFX Payments holds no responsibility for the content, services, products, or materials on those sites.



IFX (UK) Ltd, trading as IFX Payments, registered in England and Wales. Company Number: 05422718. Registered Office: 33 Cavendish Square, London, W1G 0PW, United Kingdom. IFX (UK) Ltd is authorised and regulated by the Financial Conduct Authority under the Electronic Money Regulations 2011 (FRN 900517) for the issuing of electronic money.

IFX (UK) Ltd is registered as a Foreign Money Services Business ("FMSB") with the Financial Transactions and Reports Analysis Centre ("FINTRAC") (Reg. No.: M23400543).