



GBP/USD

Weekly FX Report

Fundamental Analysis

Recent developments

GBP/USD consolidated for much of last week, with a modest downside bias. The US Non-Farm payrolls significantly beat expectations (+130k vs 60k forecast), and unemployment fell, which supported the dollar by shifting the market assumptions that the next rate cut could be pushed back into the summer. With the US closed for President's day on Monday, a busy week of UK and US data follows, including retail sales, PMI and UK inflation.



**'Wednesday's
inflation data
expected to show
disinflation'**

Sterling, naturally, suffered a bout of recent weakness on the uncertainty surrounding PM Starmer's job security. Temporary respite was provided by Sir Keir digging his heels in, but the risk has not entirely dissipated. Sterling gains appear capped should the issue reignite, alongside the risk that the BoE cut rates in March. Tomorrow's unemployment figure is expected to show a rise, GDP data underwhelmed last week at just 0.1% growth, and so Wednesday's UK inflation (expected to drop to 3% from 3.4%) will be key to push back on stagflation concerns.

Dollar consolidates after recent volatility

The dollar regained some poise last week as Non-Farm payrolls smashed expectations but was offset somewhat by Friday's lower than expected inflation data which edged lower at 2.4% versus the expected 2.5%. The resilience of core inflation (excluding food and energy) feeds into the narrative that the Fed will be patient toward their next rate cut move. However, issues with data sampling, previous government shutdown etc. has led to increased volatility in the data. Markets await the outcome of the supreme court ruling on tariffs, which still has the potential to issue a bout of volatility in risk assets.

This week, US data is backloaded to Friday, where the core PCE price index is key – a rise to 0.3% or higher would be dollar supportive, followed in short order by manufacturing and services PMI data where dollar bulls will hope recent resilience will be continued. The speculative dollar shorts may become uncomfortable if further dollar weakness is not forthcoming. This could mean the current environment induces further short covering, especially if data this week is supportive, but in general the ingredients for a meaningful dollar bounce remain unforthcoming.

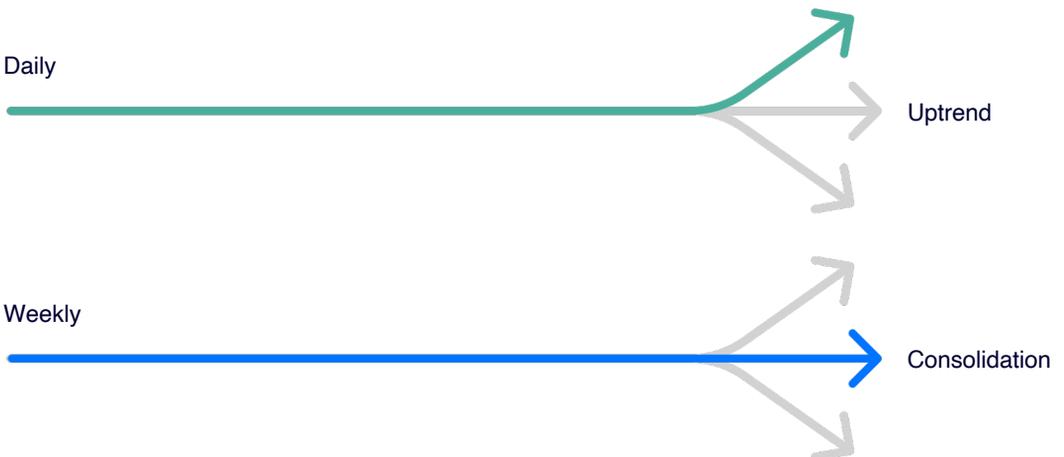
GBP/USD Daily Chart

IFX Payments created with TradingView.com, Feb 16, 2026 08:47 UTC



TradingView

Market Condition



Technical Analysis

The near-term retracement found support at our 1.3590 level, with the uptrend market condition remaining intact. Volatility has reduced significantly since mid January, but the path of least resistance currently remains to the upside. Trendline support lies at 1.3550 and 1.35, which under current conditions is likely to hold. The constructive technical set up would be negated if price action closes below the January low of 1.3338, of which there remains a low risk of occurring in the short to medium term.

Upside

1.3726

The September momentum high may cap any gains again this week.

1.3788

The 2025 highs are likely to act as a resistance level if tested once more.

1.3840

This acted as major upside resistance recently.

Downside

1.3590

The first technical support level below where spot trades.

1.3480

A deeper retracement is likely to find support here.

1.3340

If price breaks below here, the uptrend is over.

Looking Ahead

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

GBP

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

USD

16 Monday BANK HOLIDAY (PRESIDENTS DAY)	17 Tue PM: Empire state manufacturing index	18 Wed PM: Durable goods orders FOMC meeting minutes	19 Thu	20 Fri PM: GDP Core PCE 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).