



GBP/USD

Weekly FX Report

Fundamental Analysis

Recent developments

GBP/USD traded in a tight range across most of the week, with both currencies displaying some strength. The dollar enjoys safe-haven inflows, whilst sterling finds *some* support from the removal of rate cuts for 2026 (although this is dynamic). Rates markets are responding very quickly to oscillations in Oil; the sharp sell off in Brent oil from \$120 to \$82, and back to \$106 last week leaves the timing of cuts (or possible hikes!), a 'second half of 2026' story. As such, the onslaught of central bank meetings this week, which includes both the BoE and Fed, will see rates 'on hold', with central banker rhetoric centered around inflation uncertainty, caused by events in the middle east.



'GBP remains under pressure should macro risk off conditions remain'

Despite the tangentially sterling supportive issue of rate cuts being removed from market expectations, the susceptibility of sterling, during bouts of 'risk off' was clear to see at the end of last week when equities traded heavy. Equity indices are now being sold into rallies, and look vulnerable to some more short-term downside risk, which is an environment where GBP/USD will struggle. Progress over the Strait of Hormuz (Trump is trying to attract international support to help facilitate shipping) can of course rapidly alleviate some market jitters, should it manifest. The BoE meeting should yield no surprises this week.

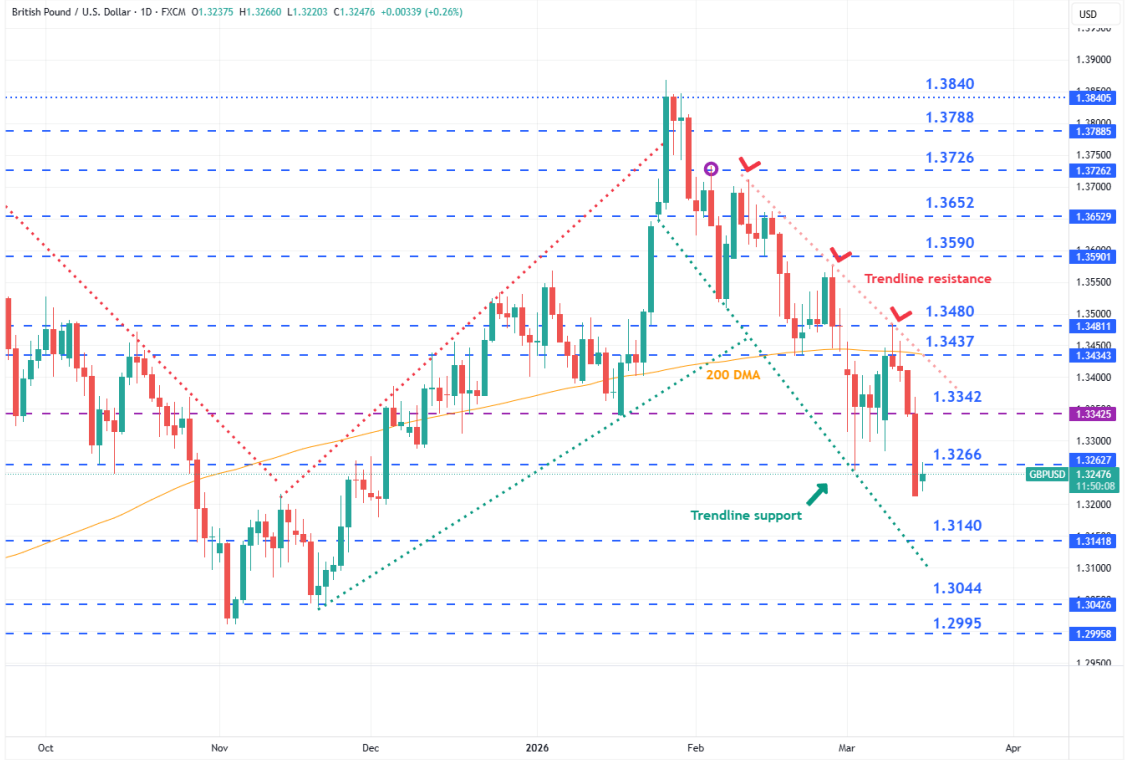
Robust dollar continues as Iran induced volatility remains

The lack of clarity over what the possible 'off ramp' for the Iran war may be leaves markets on edge, and over-reacting to soundbites, particularly hubristic ones from Trump. For example, the assertion from Trump last week that the war was 'won' and the conflict would end 'soon' was jumped upon by markets, as equities surged higher and oil sold off aggressively. Such moves were completely reversed within three days. As we said last week, it is difficult to prescribe a weaker dollar in periods where oil is rallying and equities are selling off, but short-term reversals can be aggressive. FX volatility continues to be comparatively subdued, but a trigger for a material increase in FX 'vol' is the 'tail risk' eventuality that the conflict escalates and Oil enters the >\$150/ Barrel scenario. Trump has indicated that rising oil prices are a "small price to pay" for peace which has left markets on edge. The Fed meeting will yield no rate adjustment, but markets will scrutinize the 'dot plot' of future rate projections to see whether all expected rate cuts are no longer on the table.

GBP/USD Daily Chart

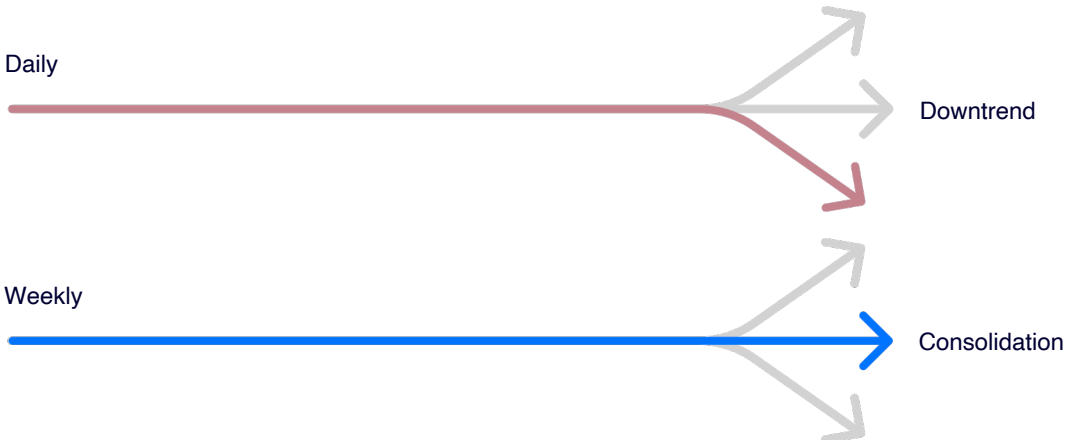
IFX Payments created with TradingView.com, Mar 16, 2026 09:09 UTC

British Pound / U.S. Dollar - 1D - FXCM O1.32375 H1.32660 L1.32476 C1.32476 +0.00339 (+0.26%)



TradingView

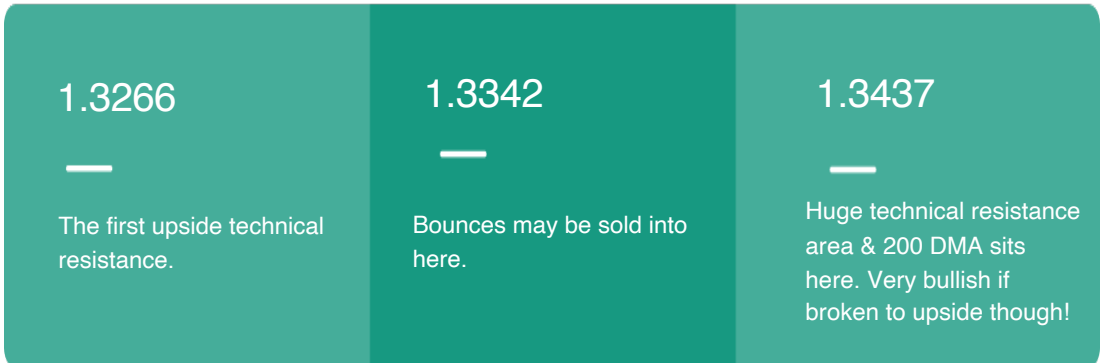
Market Condition



Technical Analysis

The downtrend market condition remains, with price action trading neatly within a downtrend 'channel', contained within trendline resistance to the upside, and trendline support to the downside. We said last week that "the bias should remain to the downside and we can't discount a move toward 1.3140 if the dollar remains bid this week - any rallies should remain capped at 1.3437 which is also where the 200 Day average sits". We stick to this view, and a test of 1.3140 or 1.3044 remains the downside risk scenario. Under current conditions, rallies are likely to fail, especially if they reach the steadily descending trendline resistance which currently sits in the mid 1.33's.

Upside



Downside



Looking Ahead

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

GBP

16 Monday	17 Tue	18 Wed	19 Thu AM: Claimant count change PM: Bank of England meeting	20 Fri
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USD

16 Monday PM: Empire state manufacturing index	17 Tue	18 Wed PM: FOMC meeting	19 Thu	20 Fri
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