



GBP/USD

Weekly FX Report

Fundamental Analysis

Recent developments

GBP/USD consolidated during the week, although the mid week bounce proved transient as Labour suffered a heavy defeat in the Gordon and Denton by-election, thus keeping question marks alive over Sir Keir Starmer's position as Labour leader. This week's release of the Spring budget forecast is expected to be devoid of any 'landmines' which could induce major market movements. Stateside, the latest Non-Farm Payrolls is due on Friday. US strikes in Iran is the main macro theme, so far causing Oil to rise by \$10/barrel, a contained downside in equities, and classic safe-haven bids in assets like Gold and Swiss Franc.



'Spring budget is not expected to induce currency volatility'

BoE Gov Bailey testified to Parliament last week, stating that it was "rather premature" to cut rates at the last meeting (where no cut was enacted). He suggested more evidence was needed that a decline in inflation was feeding into inflation *expectations*. He described the notion of a cut at the March 19th meeting as a "genuinely open question". The market faded post sterling bounce after these comments, and the market still see's a cut as probable. Sterling may remain slightly on the backfoot. This weeks' Spring Statement is expected to be an 'economic and fiscal update' lacking any major new tax or spending announcements, thus not expected to cause sterling volatility.

Dollar supported as Iran conflict begins

The dollar took a pause last week – the Dollar Index (DXY) seeing it's quietest week of 2026 so far. US strikes in Iran, and subsequent retaliation is now the macro focus for markets, and the dollar is seeing safe-haven in-flows thus far – crucially it has an advantage over energy importing currencies (such as EUR and JPY) as the US is a net energy exporter. Trump suggests the conflict could last a month. Oil markets are in surplus, but the risk of prolonged disruptions in the Strait of Hormuz may keep oil prices elevated in the near term. USD is *unlikely* to weaken materially under current dynamics. Manufacturing and services PMI are released in the US this week, but Friday's Non-Farm Payrolls (NFP) is expected to deliver a more moderate 60,000 jobs added last month, with the unemployment rate changed at 4.3%. In general, the dollar is expected to remain supported but intra-day price action could be choppy given the magnitude of these geopolitical developments.

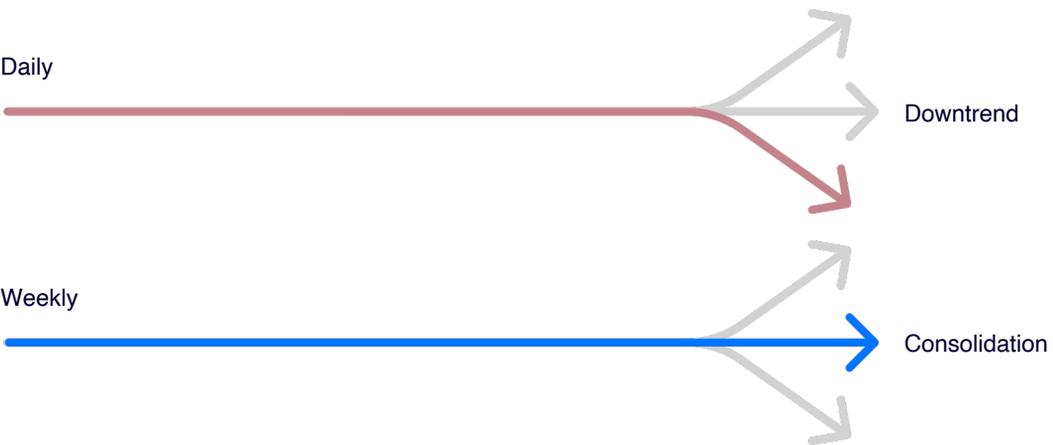
GBP/USD Daily Chart

IFX Payments created with TradingView.com, Mar 02, 2026 08:41 UTC



TradingView

Market Condition



Technical Analysis

Having already failed to make new momentum highs in early February, price action had entered a period of consolidation prior to the recent geo-political escalation. The break down through 1.3480 has turned price action more bearish, and January's momentum low of 1.3340 has been broken this morning. The initial USD reaction is likely to be the largest, and so we may see some choppy price action, but a downside bias may see 1.3265 tested, with a more sustained dollar rally allowing 1.3140 to be tested. We would expect it unlikely that any upside move will break 1.3480 under current conditions.

Upside

1.3437

—
The first upside resistance above where spot currently trades.

1.3480

—
Any possible bounce to here is likely to be sold into by the market.

1.3568

—
A rally through here would negate the current bearish price action.

Downside

1.3340

—
The January low is the nearby support level currently under duress.

1.3265

—
A test of this level is possible if USD remains supported.

1.3140

—
The possible downside target this week if USD sees further strong inflows.

Looking Ahead

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

GBP

02 Monday AM: Final Manufacturing PMI	03 Tue AM: Spring Budget	04 Wed	05 Thu	06 Fri
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USD

02 Monday PM: ISM Manufacturing PMI	03 Tue	04 Wed PM: ADP Non-Farm employment change ISM services PMI	05 Thu PM: Unemployment claims	06 Fri PM: Non-Farm Payrolls Retail Sales
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