



GBP/USD

Weekly FX Report

Fundamental Analysis

Recent developments

GBP/USD began the week surging higher alongside a strong 'risk on' tone in equities and a weaker dollar, as Middle East developments landed in the 'de-escalation' camp. Having met technical resistance at 1.3590, sterling edged lower as fresh questions over PM Starmer's integrity over the Mandelson appointment kept sentiment in check. The IMF downgraded UK growth by a whopping 0.5%, reminding markets how vulnerable the UK economy is to higher energy costs. It's food for thought for those in the 'hawkish' BoE camp.



'Pressure on Starmer a lingering issue for sterling bulls'

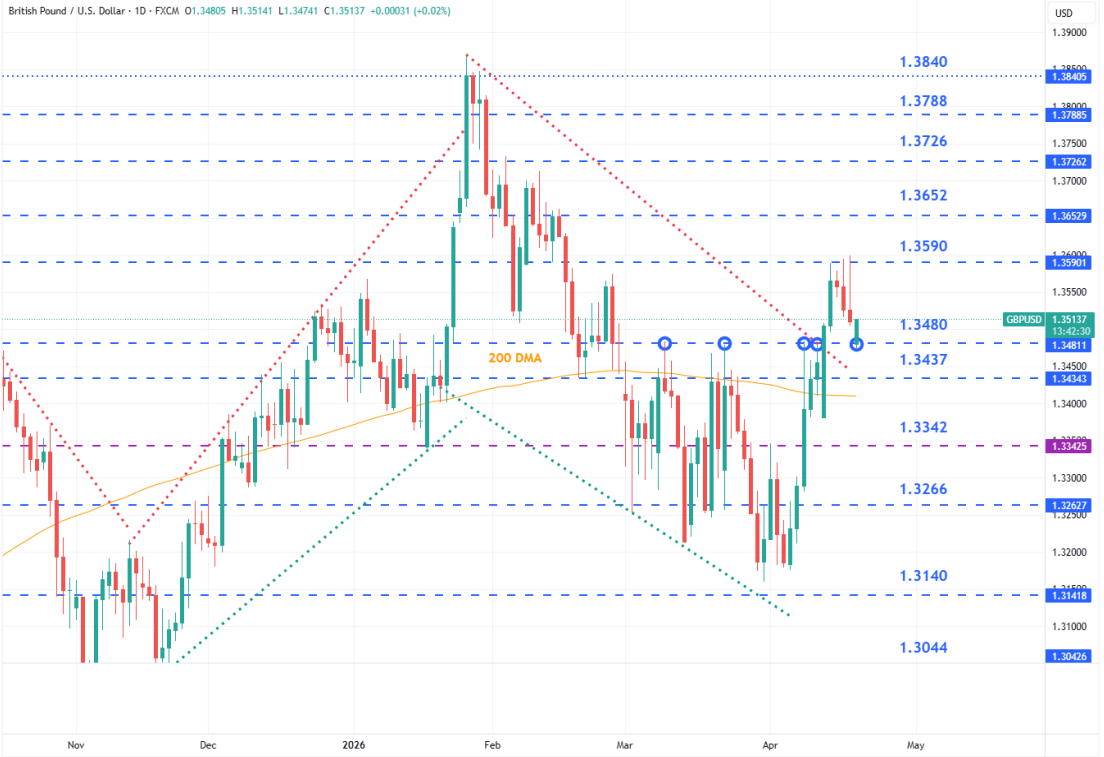
Bailey's comments last week were, as one might expect, cognizant of the hawkish inflationary war driven pressures, and acknowledged weak economic growth projections and rising unemployment. No surprise there then. Domestic politics remain a thorn in the side of sterling bulls – with local elections just weeks away. Pressure on Starmer means pressure on the pound given that other leadership candidates have a more profligate attitude to spending (at a time where debt repayments are high!). This week is filled with top tier data; unemployment, CPI (inflation) and PMI's will all feed the sterling narrative – CPI will be the one to watch given recent developments.

Dollar's safe-haven support fades as equity markets push ever higher

Animal spirits returned to equity markets as the extension to the ceasefire left a more inflammatory military outcome looking less likely, although Trump's erratic nature means it can't be wholly discounted. As has been the case all year, the dollar weakens under such scenarios and if the current market tone continues, it will be difficult for the dollar to stage a meaningful recovery unless conflict concerns re-ignite. The IMF report on the impact to growth from the war garnered a lot of attention last week. The US had just 0.1% of growth taken off for 2026, and of course, as a large producer of Oil, it remains quite insulated from the energy shock. Consumer sentiment in the US has, however, turned to the lowest levels for decades. Fed chair Powell's term is due to end on May 15th - Fed Chairman designate Kevin Warsh has his Senate banking committee hearing on Tuesday with a lack of clarity over the transition. US retail sales are a highlight on Tuesday, although US/Iran negotiations remain the biggest driver of the dollar this week.

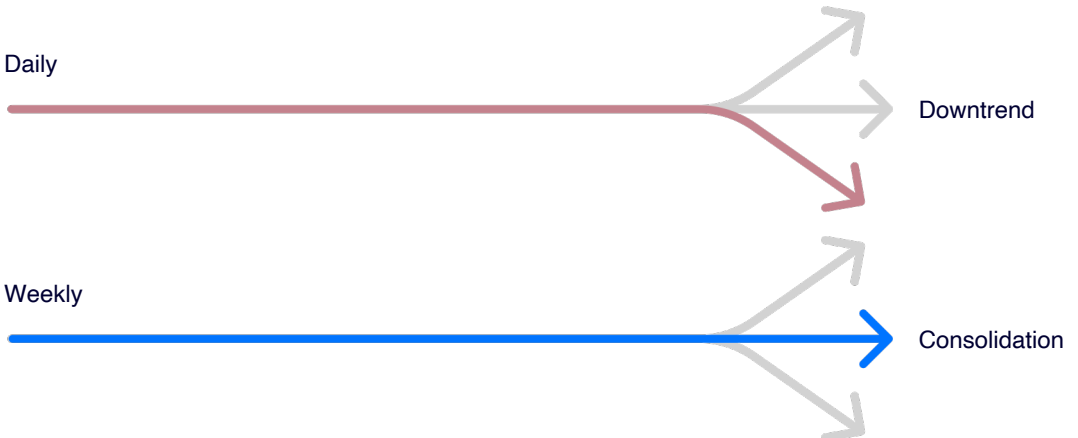
GBP/USD Daily Chart

IFX Payments created with TradingView.com, Apr 20, 2026 08:17 UTC



TradingView

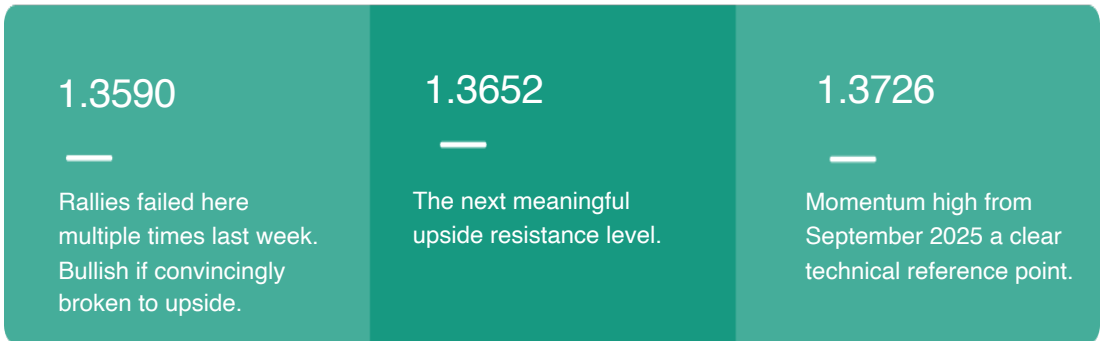
Market Condition



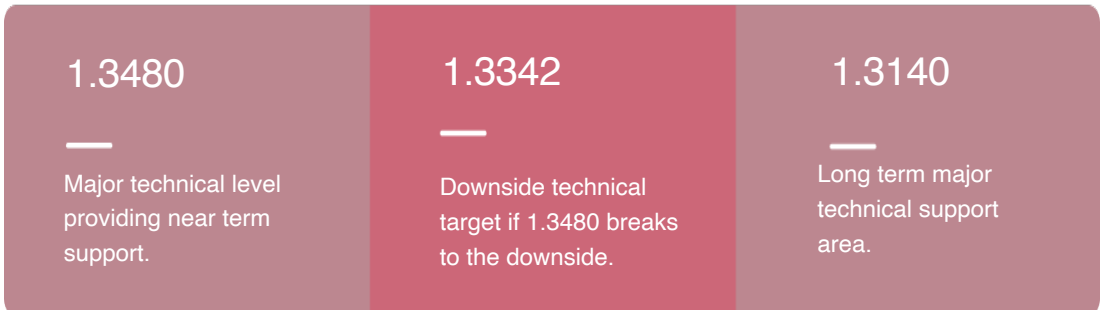
Technical Analysis

Price action rallied to test the 1.3590 technical level (on no less than 3 occasions last week) which has been part of our technical commentary for several weeks in these pages. As such, we see this as a medium-term barrier to the upside, but a close above here on a major 'risk on' rally would be a very bullish development. The massive 1.3480 level, annotated in the chart with blue ellipses, is providing some support to begin this week (and is today's low). For the recent rally to properly fail, price action needs to close below this level and sell off through the 200 Day moving average just above 1.34.

Upside



Downside



Looking Ahead

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

GBP

20 Monday	21 Tue AM: Claimant count change	22 Wed AM: CPI (inflation)	23 Thu AM: Services & Manufacturing PMI	24 Fri AM: Retail Sales
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USD

20 Monday	21 Tue PM: Retail sales Fed chair designate Warsh testifies	22 Wed	23 Thu PM: Unemployment claims Manufacturing & Services PMI	24 Fri
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