



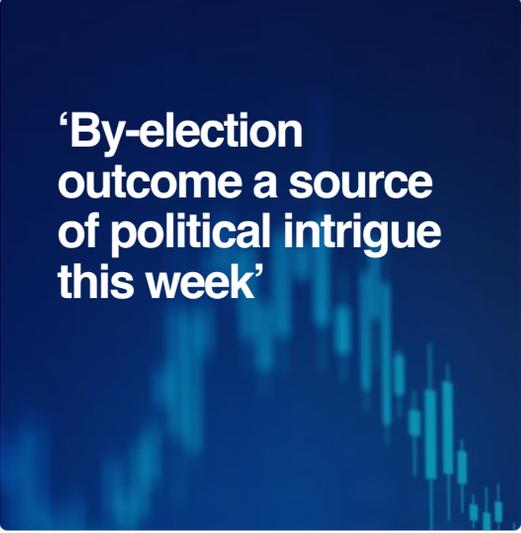
GBP/EUR

Weekly FX Report

Fundamental Analysis

Recent developments

GBP/EUR edged lower last week, as UK data weighed on sterling, driven initially by the highest unemployment figures in five years, followed by a fall in headline inflation to 3% (down from 3.4%) which solidifies imminent rate cut expectations. Despite the 2% inflation target remaining elusive, the target could be hit as early as April this year, in line with the central bank's own forecasts. UK and eurozone data is light this week. Domestically, the outcome of the by-election in the Labour seat of Gordon and Denton will shed light on the extent to which Starmer has fallen out of favour.



**'By-election
outcome a source
of political intrigue
this week'**

Whilst last weeks' data solidified expectations for a rate cut next month, the *scope* for a third 0.25% cut this year is likely to keep sterling under some pressure. In politics, the by-election this week will be a 'bellweather' for markets as a precursor to May's local elections. If Labour lose the seat, we may see renewed pressure on Starmer and sterling, given the market reaction in recent weeks over the Mandelson debacle. With political intrigue, weak data and a dovish outlook for the central bank, it seems sterling should remain on the defensive versus the euro going forward.

Recent German data helps euro sentiment

Media speculation that ECB chief Lagarde would step down before the end of her term (October 2027) drove a degree of euro weakness last week, but she has since pushed back on this possibility by stating she intends to see out her term. With expectations high for German economic outperformance in 2026, last weeks' manufacturing and services PMI data served to bolster sentiment, although solid UK PMI meant that GBP/EUR reaction was limited. We expect to see the balance of probabilities lie in the euro continuing to outperform sterling given current dynamics, and a continuation of relatively subdued volatility.

GBP/EUR Daily Chart

IFX Payments created with TradingView.com, Feb 23, 2026 11:24 UTC

British Pound / Euro - 1D - Saxo O1.14400 H1.14964 L1.14291 C1.14488 +0.00070 (+0.06%)



TradingView

Market Condition



Technical Analysis

Price action is broadly consolidating, but it remains clear that any bouts of sterling upside remain fleeting under current fundamental dynamics. Any possible gains this week are likely to remain capped at the 1.15 & 1.1534 levels. 1.1422 has provided technical support of late, but a break could pave the way for a test of 1.1385 should newsflow continue to weigh on sterling. Over the longer time horizon, there remains long term major technical support to the downside at 1.1340.

Upside

1.1465

—
The first upside resistance above spot price action.

1.1534

—
Expect a test of this level to be sold into.

1.1564

—
A meaningful shift in fundamentals required for this to be broken to the upside.

Downside

1.1422

—
Recent price action has held this technical level.

1.1385

—
Technical support lies here should 1.1422 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

23 Mon AM: German business climate	24 Tue	25 Wed AM: German final GDP	26 Thu AM: Lagarde speaks	27 Fri AM: German inflation
---	------------------	--	--	--

GBP

23 Mon AM: Taylor speaks	24 Tue	25 Wed	26 Thu AM: Lombardelli speaks	27 Fri PM: Pill speaks
---	------------------	------------------	--	---

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).