



# GBP/EUR

Weekly FX Report

## Fundamental Analysis

### Recent developments

GBP/EUR pushed higher last week, carried by a cocktail of stronger UK data (PMI's and 3.3% headline inflation), wider 'risk on' sentiment, and a face off between rates markets, which still assume two 0.25% rate hikes this year. Adding to this, BoE Gov Bailey has consistently poured cold water on hawkish market assumptions! While both the BoE and ECB will leave rates unchanged this week, the voting within the nine member MPC will be watched with interest (one or two votes for a hike is plausible), while in Europe, Lagarde is likely to stress that the bank is not on a pre-determined path.



**'Markets look to rate vote split within 9 member MPC'**

Rates markets keep assuming two further rate hikes and, ceteris paribus, this seems to be keeping sterling supported. One could argue that this now looks 'priced in' and, with local elections around the corner, it could be difficult to construct an argument for sustained sterling gains against the euro. But for now, the price action tells a story that prescribes incremental gains. We are of the view that massive technical resistance at 1.1610 will be hard to break, particularly as markets move on from the BoE meeting and start to focus on inbound local elections.

### Lagarde messaging the focus as rates look to remain unchanged

The minutiae of Lagarde's language is a key market focus on Thursday. The core issue is to what extent they 'look through' the energy shock (which is still ongoing with Brent crude at \$107).

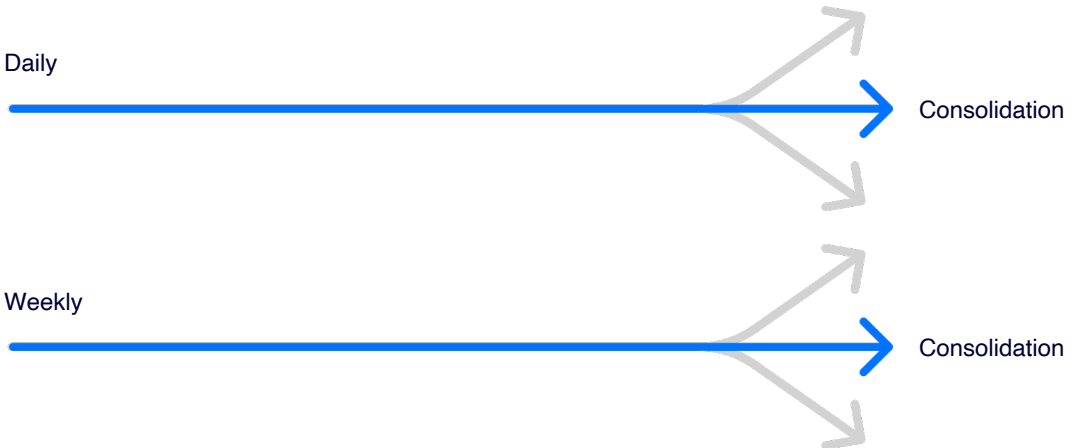
Alternatively, does she begin to react to second round effects of inflation with a more hawkish message? As ever, the 'temporary' versus 'persistent' language is to be monitored, as well as any indication that the central bank are concerned over higher energy costs feeding into higher wages and services inflation. Many market commentators assume that this meeting may see a more concerted effort from Lagarde to stress a more hawkish tone. That's partly given her recent comments, suggesting that the current economy sits between baseline and adverse scenarios. We feel that she may sit in the middle, buying more time to monitor further impacts.

# GBP/EUR Daily Chart

IFX Payments created with TradingView.com, Apr 27, 2026 10:55 UTC+1



## Market Condition



## Technical Analysis

Price action remains in a wide consolidation, with a near-term upside bias, slightly against our recent expectation. We may see some further upside short term, particularly given how hawkish the market remains on BoE policy, but we would be of the view that gains will be capped once more, should the huge technical area of 1.1610 be tested again. To the downside, the market is comfortable lending support at 1.1465 and 1.1422, and we feel it is unlikely for these levels to be broken in the short term. In general, we see further gains possible, but likely to be faded, especially a move into the 1.16 handle.

### Upside

1.1564

Some near term upside resistance likely here.

1.1610

Simply huge technical resistance level here!

1.1667

Longer term technical target unlikely to be tested soon.

### Downside

1.1534

Nearby technical support evident here.

1.1465

Consistent, solid technical support here in recent weeks.

1.1385

Downside target for the next leg of technical weakness.

# Looking Ahead

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

## EUR

<b>27</b> Monday	<b>28</b> Tue	<b>29</b> Wed  AM: German Prelim CPI	<b>30</b> Thu  AM: Eurozone inflation PM: ECB meeting	<b>31</b> Fri
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## GBP

<b>27</b> Monday	<b>28</b> Tue	<b>29</b> Wed	<b>30</b> Thu  PM: Bank of England meeting	<b>31</b> Fri
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