



GBP/USD

Weekly FX Report

Fundamental Analysis

Recent developments

GBP/USD made substantive gains mid week, as despite the Bank of England (BoE) holding rates as expected, Chief economist Pill voted for a hike. This, the overall tone of the statement, and Bailey's press conference, left the door open to rate hikes if the more onerous inflation path manifests itself. The push higher remains tentative, as this weeks' local elections remain a risk event. In the US, Friday's Non-Farm payrolls is the data highlight, with focus also on numerous Fed speakers in the aftermath of a rate hold from the FOMC last week.



'Local elections a headwind to BoE induced sterling rally'

Governor Bailey has recently fought back against market assumptions of rate hikes, but last week caved in somewhat, confirming rate *cuts* are off the table. The bank created 3 scenarios around the energy price shock, which could include rate hikes, but he also stated that market pricing, in shifting from 55 basis points (bp) of rate cuts to 65 bp of rates hikes, has *naturally* provided some tightening of financial conditions. Local elections, if a disaster for Labour, open the door to a *potential* leadership challenge. Rayner / Streeting et al represent a downside risk for sterling if Gilt markets wobble on the potential for less fiscally responsible policies.

NFP data inbound, as neutral Fed keeps dollar broadly supported

Last weeks' FOMC meeting yielded the as expected rate hold, but the vote split contained three dissenters leaning *against* an easing bias, advocating a more neutral policy bias. Rates markets now price in 12 basis points of hikes by March 2027 (from 9 bp of cuts) but effectively the Fed messaging was 'we are on hold for the long term'. Looking more broadly, USD often remains supported during bouts of 'risk off', when equities sell off. Renewed tensions in the middle east, where reports that Iran have fired missiles as US naval vessels, has prompted Oil to push higher this morning, but US equity indices remain sanguine (partly owing to strong earnings from big tech last week). If equities do eventually have a healthy setback, this should drive some general dollar support. This week, ISM services PMI is of note, but Friday's Non-Farm payrolls (NFP) is the main release, with the median estimate from economists expecting 62,000 jobs added in April, down from 178,000 in the prior month.

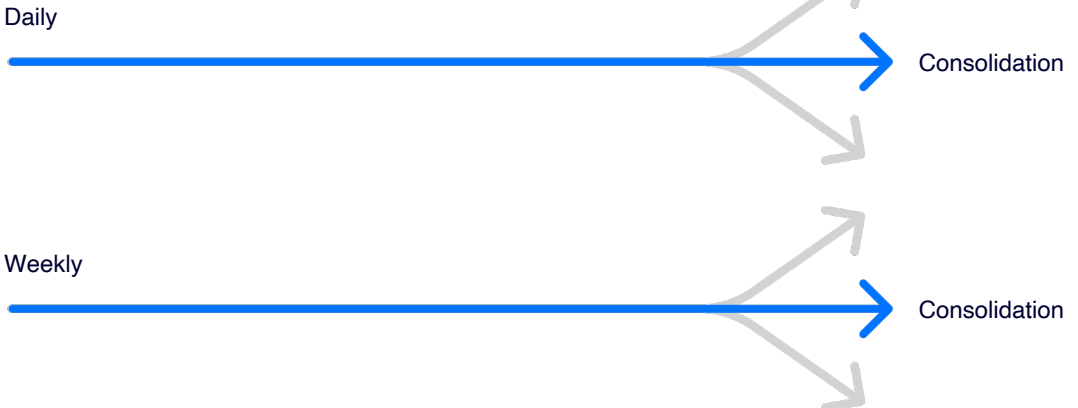
GBP/USD Daily Chart

IFX Payments created with TradingView.com, May 05, 2026 07:35 UTC+1



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Market Condition



Technical Analysis

We noted last week that a slight upside bias would remain, but gains tested and met resistance at a key level – one we have highlighted in these pages for several weeks – 1.3652. Technically, there remains nearby support in GBP/USD at the trendline (green dotted line in chart), but also 1.3480 / 1.3450 has proved a formidable technical support in recent weeks. Once again, one cannot be bearish to this currency pair unless and until a close below 1.3450 is seen. Should this area continue to hold, the *technical* bias should remain to the upside. Rallies should continue to target the mid 1.36's but a move to the 1.3726 may be difficult to achieve near term. Local elections represent a risk event this week – a meaningful downside risk should target 1.3342 if a more meaningful move occurs.

Upside

1.3590

—
Rallies failed here multiple times recently. Bullish if convincingly broken to upside.

1.3652

—
Strong resistance here as seen last week!

1.3726

—
Momentum high from September 2025 a clear technical reference point.

Downside

1.3480

—
Major technical level providing near term support.

1.3342

—
Downside technical target if 1.3480 breaks to the downside.

1.3140

—
Long term major technical support area.

Looking Ahead

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

GBP

04 Monday	05 Tue	06 Wed	07 Thu AM: Lombardelli speaks	08 Fri
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USD

04 Monday	05 Tue PM: ISM Services PMI JOLTS job openings	06 Wed PM: ADP NFP	07 Thu	08 Fri PM: Non-Farm Payrolls
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