



# GBP/EUR

Weekly FX Report

# Fundamental Analysis

## Recent developments

GBP/EUR pushed higher last week in response to the Iran conflict and the associated rise in energy prices. The principal reason for this is simple: The market had expected two further rate cuts from the BoE (whereas no such cuts were expected from the ECB). The rise in Oil prices has allowed markets to completely discard expectations of those UK cuts, thus driving sterling higher versus the euro. As such, price action in this pair is currently inextricably linked to energy prices; a euro fightback is broadly contingent on a sell off in Oil.



**‘Rates markets have removed any UK cuts for 2026’**

UK rates markets are moving quickly. Currently all rate cuts for 2026 have been ruled out, and indeed now have begun to price a hike by July. This will remain fluid, and of course the current supportive impact of higher oil and the implications for inflation could reverse (or partially reverse). We simply cannot say at this stage. The duration of the oil rise is key. Clearly, if the conflict ends, Oil could be back at \$70/Barrel quickly, in which case cuts could be back on the table. The timeline of these market machinations is too difficult to assess right now. Although there is a glut of Oil supply, the delivery of such supply remains in question.

## Euro moves contained amidst geo-political escalation

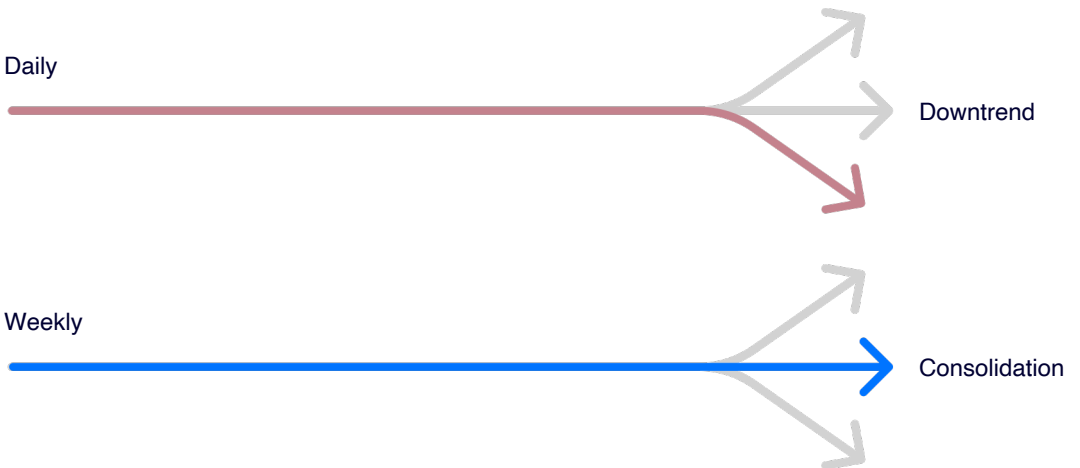
In general, the fundamental drivers of the euro are in relative stasis at the moment; Lagarde is happy with the current rate policy, inflation is near to the 2% target, eurozone data has generally fallen in line with expectations, and the growth outlook is expected to show resilience following last year’s fiscal package. The eurozone has improved its exposure to reliance on energy imports, but does remain a net importer, but the same is true of the UK, hence the recent US/Iran conflict should not disproportionately affect this currency pair. Tuesday’s eurozone inflation is expected to deliver a 2.2% print on the core reading, although the market may look through this a little given the slightly inflationary impact of developments since the data was gathered.

# GBP/EUR Daily Chart

IFX Payments created with TradingView.com, Mar 09, 2026 11:13 UTC



## Market Condition



## Technical Analysis

Price action has raced higher from the 1.1385 support which we flagged last week. The 1.1564 chart level is a higher from Dec 2025, and Jan 2026. This has been tested this morning and is offering some upside resistance. Further gains will meet resistance at the 1.1606 level should they occur. A euro bounce, perhaps driven by a short-term correction in Oil prices could see a move back toward 1.1465 but we should expect price action to be choppy under current fundamental conditions.

### Upside

1.1564

—  
The first upside resistance above spot price action.

1.1606

—  
Resistance possible here as seen in February.

1.1667

—  
A further explosive move could test this upside level.

### Downside

1.1534

—  
Light technical support expected here.

1.1465

—  
This level would be the target should the euro partially recover.

1.1422

—  
Support level tested if euro stages larger recovery.

## Looking Ahead

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

### EUR

<b>09</b> Monday  AM: German Industrial production	<b>10</b> Tue  AM: German trade balance	<b>11</b> Wed	<b>12</b> Thu	<b>13</b> Fri
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### GBP

<b>09</b> Monday	<b>10</b> Tue	<b>11</b> Wed	<b>12</b> Thu  AM: BoE Gov Bailey speaks	<b>13</b> Fri  AM: GDP m/m
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