



GBP/USD

Weekly FX Report

Fundamental Analysis

Recent developments

GBP/USD remained under pressure last week. The spike in Oil to over \$100 / Barel is shifting the market's expectations away from central bank rate cuts, and the dollar is benefitting from some 'flight to safety' alongside some covering of longer-term dollar shorts. Stagflation risks abound. The primary focus for markets is clear: How long the conflict lasts for, and whether we will see a *persistent* elevated oil price? This week sees US inflation data on Wednesday and Core PCE inflation on Friday, whilst UK GDP gives an update to economic growth to see out the week.



**'Inflation fears
crush chance of
imminent rate
cuts'**

The move in Oil is re-shaping central bank rate policy expectations. The base case for two or even three 0.25% cuts from the BoE is now far less likely or at least delayed by a few months. The duration of the conflict will help determine this. The 19th March BoE meeting has flipped from an 80% chance of a cut two weeks ago, to less than 20%. For GBP/USD, if the conflict looks like it will be a multi-month affair, it will be difficult to stage a rally. Conversely, a de-escalation would prompt a bout of dollar weakness and sterling would push higher as risk sentiment improves. This week's UK GDP is expected to show 0.2% month on month.

Dollar continues ascendency as conflict escalates further

A week ago, the relatively subdued market response to the Iran war clearly suggested the market thought this would be a short, sharp conflict. This perception has changed somewhat, with equity volatility increasing, and the restrictions through the Strait of Hormuz have spiked Oil to test just shy of \$120/ Barel. This is now driving market risk appetite, safe-haven flows, rate policy assumptions, and re-igniting stagflation concerns. The dollar is supported in this environment, but FX volatility has not responded as much as equity and energy market 'vol'. It seems the dollar is caught between some safe-haven/inflationary support, and the negative impact of lower growth, concern over US policy as seen in the previous bouts of "sell America" market sentiment. In general though, it is hard to envisage much dollar weakness under current market dynamics. A weak Non-Farm payroll number last Friday elicited some dollar weakness but plays second fiddle to war related themes. Wednesday's CPI (inflation) this week will not include the very recent energy price rally and is thus less impactful than usual.

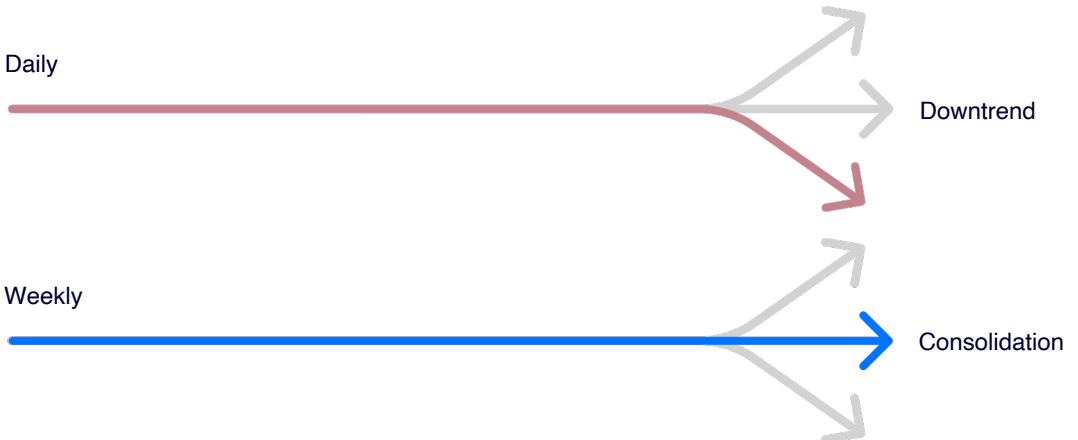
GBP/USD Daily Chart

IFX Payments created with TradingView.com, Mar 09, 2026 08:20 UTC



TradingView

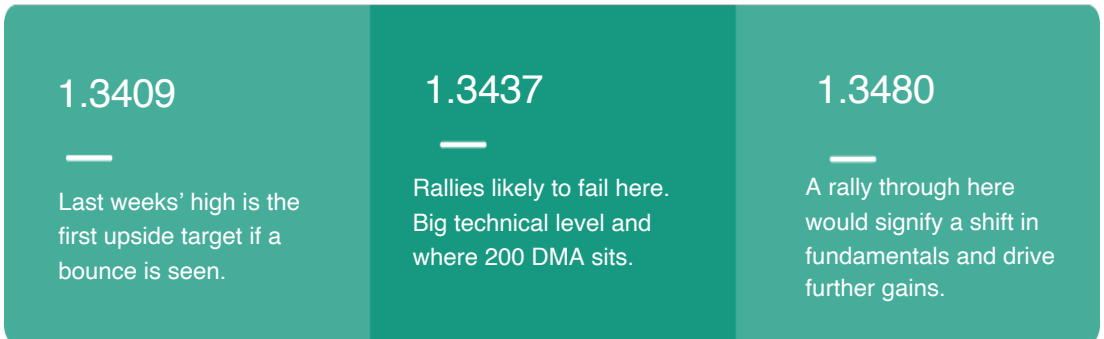
Market Condition



Technical Analysis

The downtrend market condition remains with price action trading neatly within a downtrend 'channel', contained within trendline resistance to the upside, and trendline support to the downside. We said last week that "a downside bias may see 1.3265 tested, with a more sustained dollar rally allowing 1.3140 to be tested". This remains the case, although there were signs last week that downside follow through remains tentative. This is due to inflation risks also supporting sterling to an extent, given rate cuts are being priced out. That said, the bias should remain to the downside and we can't discount a move toward 1.3140 if the dollar remains bid this week. Any rallies should remain capped at 1.3437 which is also where the 200 day average sits.

Upside



Downside



Looking Ahead

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

GBP

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

09 Monday	10 Tue	11 Wed PM: CPI m/m CPI y/y	12 Thu PM: Unemployment claims	13 Fri PM: Core PCE price index Prelim GDP q/q
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