

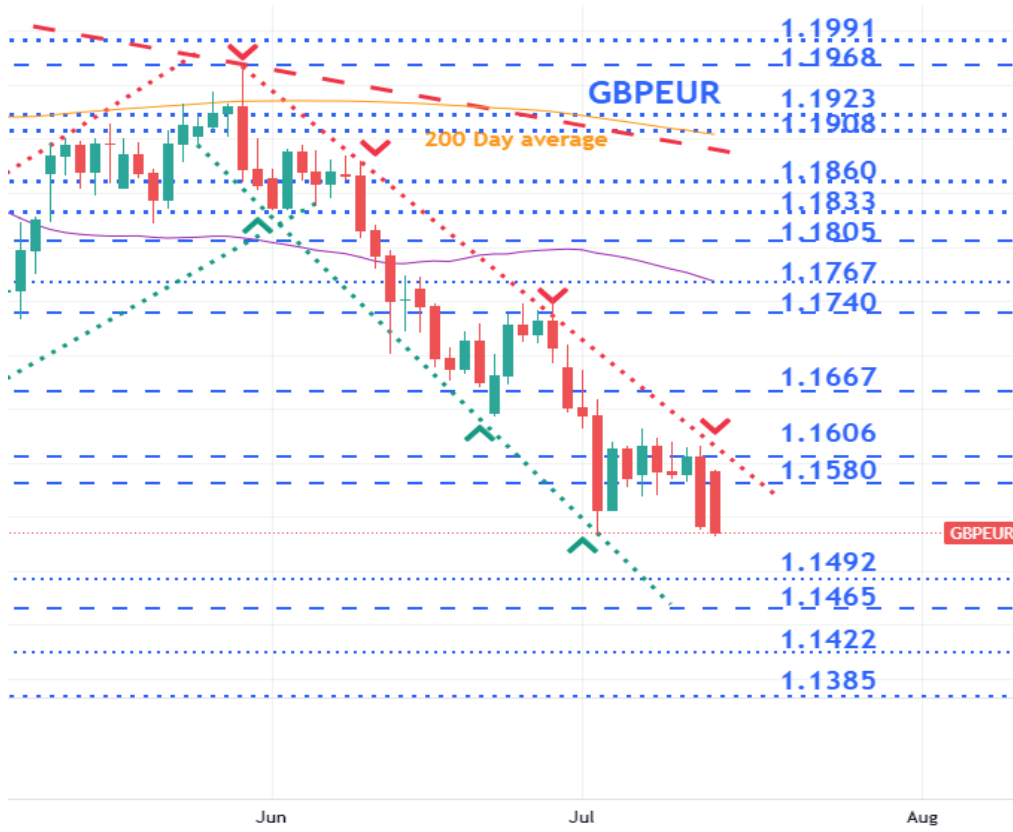


Weekly FX Majors Analysis

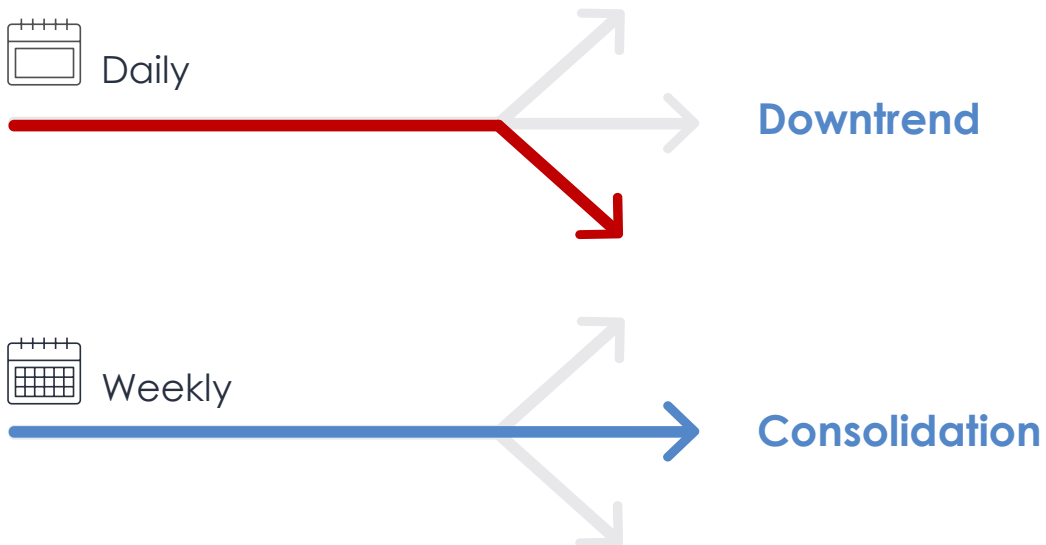
GBP/EUR

July 14 2025

GBP/EUR Daily Chart



Market Condition



Fundamental Analysis

Recent developments

GBP/EUR continued to 'play ball' with our long-standing downtrend market condition last week, continuing its steady march lower. The OBR issued a sobering long-term assessment of UK public finances, followed by weaker GDP data, topped off with BoE Governor Bailey's comments in The Times around the need for larger rate cuts if the UK jobs market shows signs of a pronounced slowdown.



'Sentiment toward sterling is beginning to look less robust.'

Bailey stated there was 'consistent' evidence of businesses adjusting employment after Reeves' increased National Insurance contributions some months ago. This is allowing sentiment to look less constructive toward sterling, off the back of the OBR, which stated that debt-to-GDP is projected to climb by 96% over the next four decades, alongside diminishing fiscal flexibility, rising funding costs (Gilt yields to rise), and so on. In essence, the OBR suggests major reforms, which will include tax hikes and spending cuts, an issue the current government is already grappling with. An August rate cut may now look more likely. This week's inflation data will help drive the probability of such a cut, with expectations for a headline number of 3.4% on Wednesday morning. A release below 3.2% would elicit more downside in this pair, while a release above 3.6% would lend support, however transient it may be.

Euro relatively unfazed by tariff developments

The general resilience of the euro continues, recently aided by unequivocally less dovish rhetoric from ECB members. Key ECB members spoke last week, expressing views on rate policy. Schnabel stated that the 'bar for another rate cut is very high,' adding that a cut would only be needed 'if we saw signs of a material deviation of inflation from our target.' With recent inflation on target, this echoes Lagarde's recently hawkish comments and lends ongoing support to the euro.

The EU has postponed retaliatory tariffs while it tries to achieve tariff relief on various sectors such as aerospace, autos, etc., while the US has formally announced 'blanket tariffs' of 30% on most imports from the EU and has suggested the 1 August deadline won't be extended. The market is inclined to believe the goalposts can still be moved, rather than pricing in a worst-case scenario, as may have been the case earlier in the year.

Technical Analysis

As per last week, price action remains in a downtrend on the daily chart timeframe. The downtrend channel is playing out perfectly. Last week's high failed at our trendline resistance. The near-term trajectory looks likely to test 1.1492 under current dynamics. For any constructive sentiment to begin, price needs to fail to make a new momentum low, followed by a push up through 1.1667.



Upside

1.1606

Solid upside trendline resistance remains here, as seen last week.

1.1667

Technical price point resistance sits here.

1.1740

A sustained rally through here would signify major fundamental shift.



Downside

1.1533

Last week's low looks set to be broken to the downside.

1.1492

A 1.13 handle looks likely if this level breaks.

1.1422

A big technical level from 2023 could offer support.

Looking Ahead

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



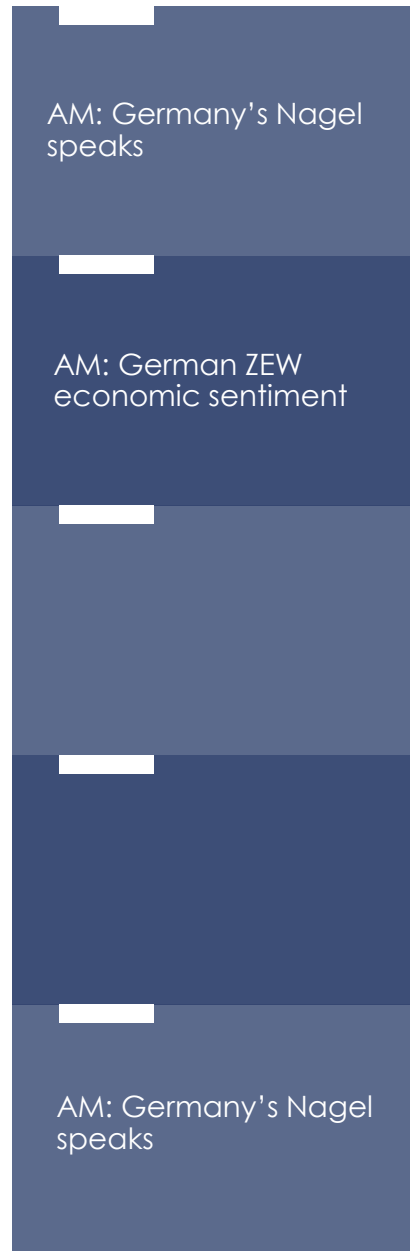
MONDAY

TUESDAY

WEDNESDAY

THURSDAY

FRIDAY



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