

GBPUSD Daily Update

Thursday 19th December 2024

GBPUSD Fundamental Analysis:

GBPUSD prices have been on a rollercoaster ride so far this week. After opening at 1.2603 on Monday, prices initially rose in response to higher UK wage growth and inflation (CPI) readings which impacted traders BoE rate cut expectations. This sent GBPUSD to a high of 1.2728 on Tuesday. However, this upside move reversed sharply after the Fed rate meeting on Wednesday evening, as policymakers confirmed a sharp slowdown in the pace of rate cuts in 2025, which boosted the dollar, and saw GBPUSD fall to 1.2560 before fresh buyers appeared.



While its already been a busy week for FX traders there are still several events that could influence the price of GBPUSD into the weekend. Probably the most important is the **Bank of England Interest Rate decision which is released later today at 1200 GMT.** While traders no longer expect a rate cut at this meeting, the accompanying minutes outlining the committee's thoughts on UK growth and rate cuts in 2025 will be crucial to determining if GBPUSD can recover any of its overnight losses. Then, on **Friday UK Retail Sales are released at 0700 GMT.** GBPUSD traders will be looking to see if UK consumers have started to spend again at the start of the festive period which could help boost Q4 growth readings, or are still holding back due to high prices and uncertainty about the direction of the economy.

GBPUSD Technical Analysis:



Daily Analysis:

Reaction to the FOMC meeting has seen fresh downside emerge for GBPUSD, which suggests possible a extension of the downtrend in place since 1.3433 (Sep 26th high). If this is the case, there is potential is to retest 1.2486 (Nov 23rd low), and even 1.2446 (May 9th extreme) if this gives way.

To the upside, closes above 1.2690 (Bollinger mid-average) are needed to open up retests of resistance at 1.2768 (mid-point of Nov declines).



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