

THU 26 FEBRUARY 2026 07:00

DAILY FX REPORT

# FX Consolidates Near Key Technical Levels

## EUR / USD

EUR/USD is trading at a critical technical and fundamental juncture, with price consolidating tightly around 1.18 where the 20-day and 50-day SMAs and the 30-day VWAP have converged. The daily RSI near 50 confirms the absence of directional momentum. We see this compression unfolding against a broader backdrop of structural US dollar weakness throughout 2025, driven by trade tensions, elevated public debt and gradual de-dollarisation trends, which have collectively weighed on the greenback despite a yield differential that would ordinarily favour it.

Institutional positioning remains supportive, with asset managers maintaining sizeable net long euro exposure in futures markets. We see this as evidence that the market views euro strength as structurally underpinned rather than purely tactical. At the same time, monetary policy divergence has narrowed: eurozone inflation has cooled to 1.7%, allowing the ECB to maintain a steady stance, while the Federal Reserve under Chair Kevin Warsh has adopted firmer rhetoric that has yet to translate into a sustained dollar rebound.

We expect the next directional move to depend on whether the pair can decisively clear resistance near 1.1850, opening the way towards 1.1937, or whether failure at the 1.18 support cluster triggers a deeper retracement towards 1.1724. We see the current consolidation as potentially preparatory rather than terminal, with structural flows and positioning modestly tilting risks towards eventual upside.

## USD / JPY

USD/JPY continues to navigate a nuanced policy environment defined by evolving divergence between the Federal Reserve and the Bank of Japan. We see internal divisions within the BoJ — between members advocating gradual tightening and more dovish appointees — creating uncertainty around the pace of normalisation. Governor Ueda's data-dependent approach preserves optionality for the coming meetings, while persistent Japanese inflation and reduced expectations of imminent Fed easing are gradually narrowing the rate differential that has historically supported the pair.

At the same time, renewed US trade policy uncertainty adds complexity. While elevated US yields continue to provide support for the dollar, we expect tariff-related volatility and safe-haven flows to intermittently favour the yen.

Technically, the rally towards 156.80 followed by a pullback to the 155.80–156.00 area leaves the pair hovering near the pivotal 50-day SMA around 156. The RSI near 58 reflects constructive but not overstretched momentum. We expect sustained holding above 156 to allow a move towards resistance at 157.40, while a break lower could accelerate a retracement towards 152.20, where the VWAP and 200-day SMA converge. We also expect heightened sensitivity to official rhetoric as the pair approaches the 159–160 zone, given historical intervention concerns.

# GBP / USD

GBP/USD is operating within a complex macro framework shaped by diverging central bank paths and tariff-related uncertainty. We see the Bank of England's dovish hold in the mid-3% range, with markets pricing roughly two rate cuts through 2026, as a structural constraint on sterling. By contrast, the Federal Reserve's relatively patient stance and limited easing expectations lend underlying support to the dollar.

Trade policy uncertainty, particularly the prospect of a 15% tariff regime, adds volatility to dollar positioning and clouds the outlook for both currencies. Technically, the pair is trading around 1.3556, bounded by support at the 50-day SMA near 1.3500 and resistance near 1.3600 defined by the 20-day SMA and 30-day VWAP. The RSI near 49.5 reflects neutral momentum.

We expect a decisive break above 1.3600 to open scope towards the 1.3730–1.3850 region, while a failure to hold above 1.3500 would risk a move towards 1.3350. Overall, we see consolidation with a mildly constructive bias, provided the BoE avoids a dovish surprise and trade tensions do not escalate materially.

---

## Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

This report was prepared with the assistance of artificial intelligence.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers ([www.sucdenfinancial.com/en/risk-warning-and-disclaimers](http://www.sucdenfinancial.com/en/risk-warning-and-disclaimers)).