

[GBP/USD Analysis](#) - The UK pound was firmer on Tuesday as it attempted to move away from yesterday's multi-year lows. Sterling hit a fresh 31-year low of 1.3119 dollars on Monday as uncertainty about the future of Britain's relationship with the EU weighed on the UK currency. Attention is now shifting to the EU summit later today, where EU leaders will likely press David Cameron not to delay triggering Article 50 that would start the process of Britain negotiating its exit from the EU. However, David Cameron has already said that the UK will not trigger Article 50 of the Lisbon Treaty until after a new British prime minister is in place in the autumn. The pound edged up to 1.33 dollars in late Asian trading today and also firmed against the euro at 0.8316 pounds per euro. It saw a sharper gain against the yen to move away from 3½-year lows, advancing to just under 136 yen in late Asian session. Sterling has fallen by around 14% against the yen since Friday as the Japanese currency has seen a surge in demand following the market turmoil caused by the Brexit vote. However, traders took some comfort today that the impact of Brexit in the immediate aftermath of the referendum wasn't as bad as the worst expectations, leading to an easing in risk aversion in the markets. There was little reaction to news that S&P and Fitch became the latest rating agencies to cut their credit rating for UK sovereign debt as the outlook for UK government finances looks less positive post-Brexit. The dollar moved up to 102.10 yen in late Asian trading, while the euro was back above 1.10 dollars, having skidded below it yesterday. The dollar index

moved away from yesterday's 3½-month highs and was 0.5% weaker today at 96.07. Commodity currencies such as the Australian and New Zealand dollars rose by 1% against the greenback, as commodity prices recovered from their recent losses. The aussie was higher against the US dollar 0.7394, while the kiwi was up at 0.7068. The Canadian dollar was also firmer as crude oil prices recovered from yesterday's lows. The greenback fell to 1.2995 versus the loonie as US oil futures rose back above \$47 a barrel in late Asian trading today. Crude oil prices have come under pressure after the Brexit vote on weaker global growth prospects and a stronger dollar. However, a possible strike by oil workers in Norway helped today's rebound. The Chinese yuan was one of the few underperformers against the dollar on Tuesday as it fell to its lowest since December 2010. The yuan weakened to 6.6527 per dollar after the People's Bank of China again set a weaker midpoint, but it firmed slightly to 6.6493 in late Asian session. China's Premier Li tried to reassure markets on Tuesday, saying that China will try to prevent "roller-coaster rides" in the markets. Coming up later in the day, all eyes will be on EU leaders who are meeting today to discuss the aftermath of the UK's Brexit vote. In terms of data, the final estimate of US first quarter GDP and US consumer confidence data will be watched.

GBP/USD Chart



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