

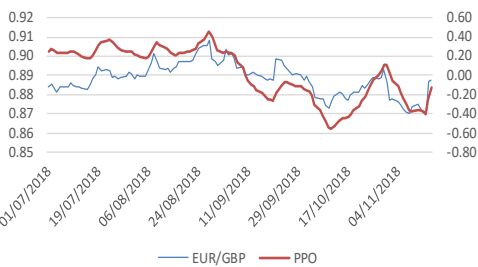
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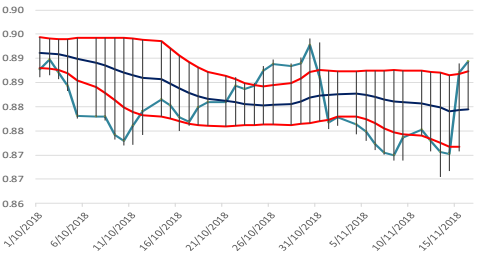
Graph 2: EUR/GBP (October - November 2018, Candle Bar)



Graph 3: EUR/GBP (July - November 2018, Price Oscillator)



Graph 4: EUR/GBP (October - November 2018, Bollinger Bands)



Important Note:

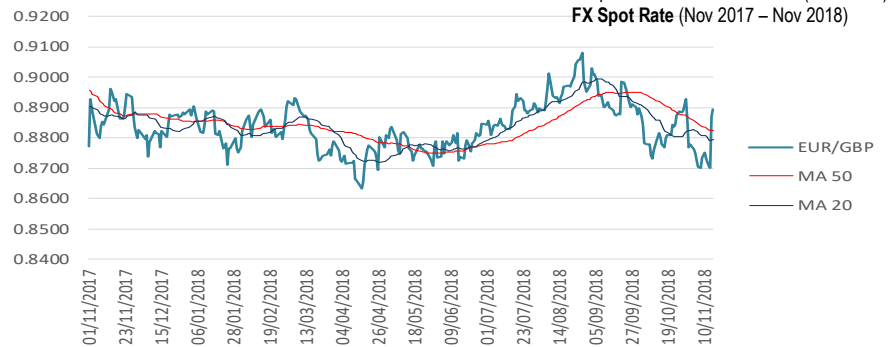
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EUR/GBP: 0.8893 [Bloomberg Ticker: EURGBP: CUR] **British Pounds per 1 Euro**

Graph Analysis and Technical View

According to graph 1, there is no clear sign of a bullish or bearish market for the EUR/GBP exchange rate. During the examined period (past 52 weeks), there were three secondary movements. More specifically, the exchange rate followed a downward trend until the middle of April, where the pair hit the lowest point of the period. The second movement was an upward trend which lasted from mid-April until the end of August, where the currency moved to the highest point of the examined period, followed by a reversal trend until mid-November. Regarding the support levels they seemed to be formed at 0.86 while resistance levels were formed at 0.90. The last one-and-a-half month, despite the many fluctuations, a sell signal can be observed as the price penetrated both the short-term and the mid-term moving average from upside left to downside right. The negative prices of price oscillator index (Graph 3) also boosted the sell signal but the continuous movement mainly towards the lower band of Bollinger Bands during the last one-and-a-half month (Graph 4), indicated an oversold market. Lastly, Graph 2 provides information about the daily rate's fluctuations. It can be seen that there were many differences from day-to-day.

Graph 1: Euro / British Pound (EUR/GBP)
FX Spot Rate (Nov 2017 - Nov 2018)



Fundamental Analysis

To begin with, the observed upward movement in November 2017 can be attributed to the growing concern that talks about Brexit had yet to begin on a transitional deal to smooth the exit for businesses or the complex terms of a future trade deal, leading traders to buy euros. | In early December 2017, Britain and EU struck a divorce deal, boosting hopes of an orderly Brexit and causing the euro to move downward. In addition, in the beginning of 2018, the forecasts that the world's sixth-largest economy will continue to expand at a slow but steady pace, led to a decreased EUR/GBP, only though until February, when the European Commission rejected Britain's proposal to strike a post-Brexit free trade on financial services, helping euro regain some of the losses. | Over the following two months, EUR/GBP followed a descending trajectory. Findings that suggested London would comfortably remain Europe's largest financial centre after Brexit, combined with the potential upside 3-5% of British Pound as Brexit Transition Deal opened door to interest rate rises, led the exchange rate to continue its downward trend, hitting its lowest point of the examined period. | In April 2018, IMF's statement that Britain's economy will perform worse than the rest of Europe over the next two years as it navigates Brexit, ended up in an increased EUR/GBP rate, but during May, the sterling gained back some of the lost ground due to Theresa May's efforts to make the backstop more digestible to Britain. | At the end of June 2018, the EU was on course to hand dozens of U.K.-based companies a pre-Brexit tax bombshell leading to a rise in the exchange rate in favour of euro. In August, the upward movement was further supported by the speech of the BOE's chief, Mark Carney, who referred that the risk of a disruptive no-deal Brexit is "uncomfortably high". The overall result was an increased EUR/GBP reaching a peak on 28th of August, which was the highest point of the examined period. | In August 30, the euro decreased as there was a positive signal from London and Brussels over the Brexit. | Over the following month, euro slipped, even more, reaching on September 10th a near one-month low, because of EU's guarantees for the avoidance of an Irish border after Brexit. | Rumors that Germany will accept a favorable agreement concerning UK's ties with the European Union, combined with the more than expected UK retail data and that an additional increase in Italy's budget would sharpen country's debt, forced the currency to keep its downward trend until October 10th. | In the second half of October, euro jumped, as Draghi was confident that the European Commission and Rome would reach an agreement about Italy's fiscal spending. | However, during the first half of November, sterling improved and more specifically reached a 4 month-high in November 7th, as Theresa May achieved access to European markets after Brexit, Emmanuel Macron called for the installation of a "real Euro army" due to the concerns about Italy's budget proposals, and British wage growth was fastest in a decade. In November 15, sterling collapsed as Dominic Raab, Britain's Brexit Minister, resigned.