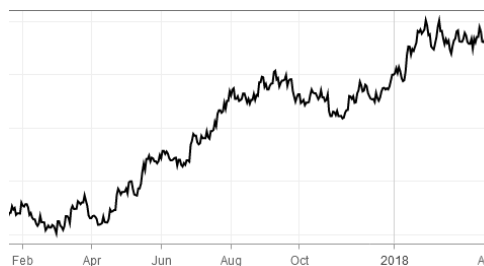


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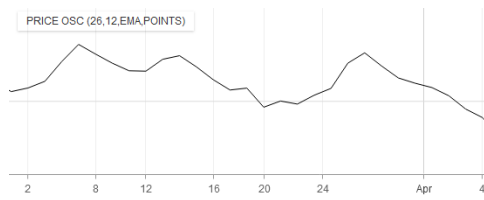
Graph 1: EUR/USD (February 2017 – April 2018)



Graph 3: EUR/USD (March - April 2018, candle chart)



Graph 4: Price Oscillator (March – April 2018)



Important Note:

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EUR/USD: 1.2283

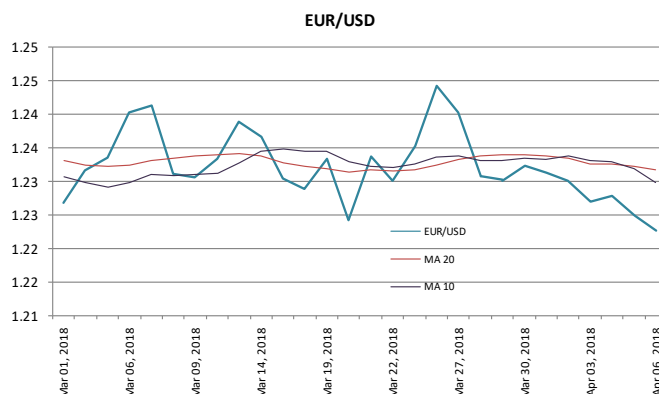
[Bloomberg Ticker: EURUSD:CUR]

US Dollars per 1 Euro

Graph Analysis and Technical View

According to graph 1, it seems that there has been a bull market for the EUR/USD exchange rate. However, during the examined period, March 2018, no clear trend can be detected (graph 2). More specifically, the exchange rate fluctuated between 1.22 and 1.24. There are many day-to-day movements which cannot define any trend. Regarding the resistance levels that had previously been formed at 1.25, it seems that they did not change. The support levels remained dynamic as they kept changing during the period under consideration. According to graph 2, there were both "buy" and "sell" signals. However, from late March until early April there was clearly a sell signal as the price penetrated both the short-term and the mid-term moving averages from upside left to downside right. The price oscillator's negative prices, in April, also boosted the sell signal (graph 4). Lastly graph 3 provides information about the daily rate's fluctuation. It can be seen that there were significant differences from day to day.

Graph 2:
Euro / US Dollar
(EUR/USD)
FX Spot Rate
(March – April 2018)



Fundamental Analysis

To begin with, the observed upward movement on March 5th and 6th can be attributed to President Trump's declaration that the US would «not back down» from the initial tariff plan. However, when the tariffs were actually signed on March 8th, not only were Canada and Mexico excluded, but also provisions for other countries to be exempted were also included. Thus, pressure on the dollar was alleviated and the EUR/USD rate declined by 0.81%, the biggest drop of the month. | In the week of 12-16 March, the decline of the EUR/USD rate was mostly due to market expectations for a fourth Fed rate hike to be announced after the next FOMC meeting. Data however, both wage increase and inflation released during the period, could not confidently indicate the need for a fourth rate increase from the Fed. | Over the following week, EUR/USD followed a rather volatile trajectory. Firstly, Fed Chairman Jerome Powell implemented a 0.25% increase in federal funds rate. Despite that, the hike was not accompanied by announcements for a fourth hike in 2018, resulting in a negative effect for the US currency. | On March 23rd, ECB President Mario Draghi, in his briefing of the Eurozone leaders, identified trade protectionism as the biggest potential risk for the Eurozone's economic outlook. This, along with the implementation of US tariffs on Chinese goods and Chinese retaliation, created a setting of widespread uncertainty and risk-aversion, leading traders to buy dollars. | Beginning the last week of March, negotiations between the US and China were announced. Therefore, fears of a global trade war subdued and the euro surged to its March peak as investors moved away from safe haven currencies, like the dollar. | EUR/USD followed a downward movement for the next four days, triggered by low inflation concerns and low business borrowing data released on the 27th of March. The first week of April was full of data releases that affected the exchange rate. Euro took a hit on April 3rd, as Germany's PMI and retail sales data came much lower than expected, signifying a shift towards a phase of more moderate growth for the Eurozone. The following day, positive CPI and unemployment data helped the euro regain some of the losses. On April 5th, Eurozone Composite (Manufacturing and Services) PMI released was way below expectations, making for another hit to the area's currency. Finally, some of the losses were again recovered, as the US employment report for March (released on April 6th) showed that approximately 100,000 jobs were created in March, 80,000 short of the forecasts made by Bloomberg and Reuters.