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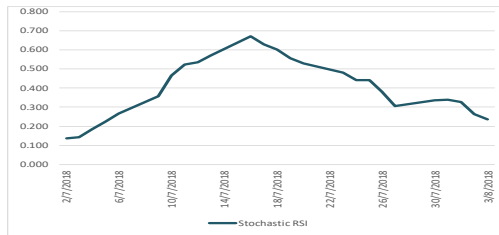
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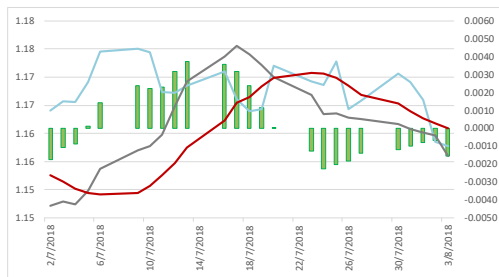
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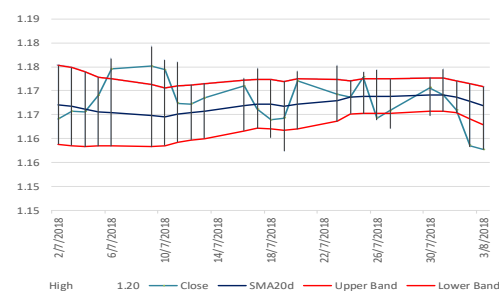
Graph 1: EUR/USD (July 2018, SMA<sub>9</sub>StochRSI)



Graph 3: EUR/USD (July 2018, MACD)



Graph 4: Bollinger Bands (July 2018)



**Important Note:**

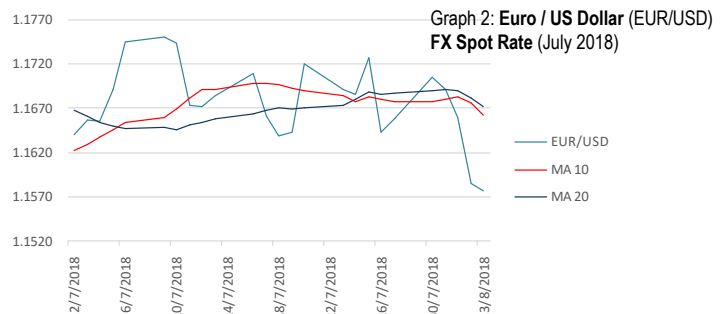
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**EUR/USD: 1.1585**

[Bloomberg Ticker: EURUSD: CUR] **US Dollars per 1 Euro**

**Graph Analysis and Technical View**

According to graph 2, it seems that there has been a slightly bearish market for the EUR/USD exchange rate. The pair had a soft downward trend in the biggest part of the examined period, fluctuating between 1.15 and 1.18, which can be confirmed, according to the graphs 1, 3 and 4. There was an upward trend in the first 9 days of July, whereas afterwards many day-to-day variations were observed until July 29th forming a downward movement in the exchange rate. During the last week of the examined period, there was a clear downward trend leading the pair to its 4-week lowest point at 1.157. According to Graph 3, MACD during the second part of July provided the signal for the continuance of the downward trend. According to Bollinger Bands (graph 4), in the first part of the examined period, the exchange rate remained above of the 21-day SMA but inside the upper and lower bands. In the second part, as it can be observed in graph 1, there were several noteworthy variations until July 29th. Finally, the pair crossed the lower Bollinger band on August 2nd and reached the lower level on August 3rd. As the pair reached its support level an upward movement may be followed in the short term.



**Fundamental Analysis**

On July 3rd, the Euro advanced after German Chancellor Angela Merkel reached a compromise on immigration, averting a split of her fragile coalition government. | On July 5<sup>th</sup>, the Euro climbed to near three-week highs following the announcement of strong German data which crushed the lower expectations. Press reports pointing out that the ECB may be preparing to raise interest rates by next September or October also helped the Euro. | On July 6<sup>th</sup>, there was an upward movement after the implementation of tariffs to China as Dollar investors recognized the potential risk. | On July 12<sup>th</sup>, the Euro made a small decline against the USD in the wake of data confirming that German inflation rates slowed to 2.1% during June, while the monthly inflation rate fell notably. Moreover, the European Commission cut its forecasts for the Eurozone's economic growth in 2018. | On July 13<sup>th</sup>, it was announced that investors withdrew \$1.85 billion from U.S.-based equity funds in the week ended on July 11. The CPI in the U.S. rose 2.9% last month which was the fastest pace since 2012. Federal Reserve Chairman Jerome Powell said the economy is doing well but an escalation in tariffs between the U.S. and trading partners could affect that success. | From July 14<sup>th</sup> to July 16<sup>th</sup>, trade war concerns rose and the comments from U.S. President Donald Trump that governments would add 10% tariffs on Chinese goods if the Asian nation retaliates guided USD to a further fall. | On July 17<sup>th</sup>, Fed's Chairman Jerome Powell emphasized that tariffs were "absolutely" the wrong approach and saw the United States on track for years more of steady growth. The Fed's regional bank presidents also cited local business concerns about the administration's trade tactics. | On July 18<sup>th</sup>, the Dollar followed an upward movement after Powell's comment indicated rising interest rates in the future. On the other hand, the European Union and Japan signed a historic deal that would remove any tariffs on products they exchange. | From July 19<sup>th</sup> to July 21<sup>st</sup>, the Dollar was affected by Trump's tweets that higher interest rates are taking away America's competitive edge with China and that the higher rates were undoing his administration's efforts to help the economy. Also, President Trump said that the EU and others were unfairly holding the value of their currency lower. | On July 24, preliminary U.S. manufacturing PMI for July topped expectations, while the services PMI fell marginally short of forecasts. But the data indicated the US economy remains on solid footing. The Euro made a minor loss against the US Dollar following the release of Eurozone consumer confidence data. | On July 25<sup>th</sup>, the Dollar dropped slightly as a result of the announcements of the continued weakness in the U.S. housing market. On the next day, the Euro fell significantly after ECB President reiterated rates will remain on hold until summer 2019, highlighting the widening monetary policy divergence with the Federal Reserve. From July 27<sup>th</sup> to 30<sup>th</sup>, there was an upward trend in exchange rate after the release of German advanced CPI and Inflation data. Also, the announcement of U.S. strong GDP data did not push the U.S. Dollar due to expectations that the second-quarter growth is unsustainable given trade tensions between the U.S. and other countries. From July 31<sup>st</sup> to August 3<sup>rd</sup>, Fed indicated that US interest rates would continue to rise, leading the Dollar to an upward trend.