

**VRS (Valuation & Research Specialists)**

VRS Research Team

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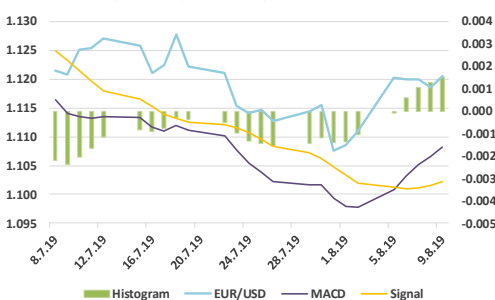
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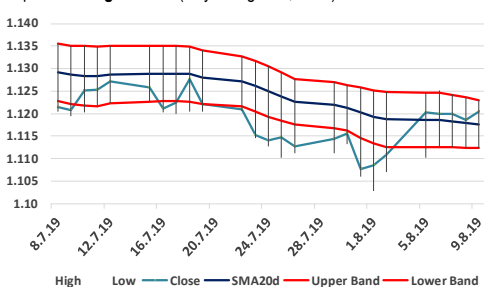
Graph 2: **Candle Chart** (July – August 9, 2019)



Graph 3: **MACD** (July – August 9, 2019)



Graph 4: **Bollinger Bands**(July – August 9, 2019)



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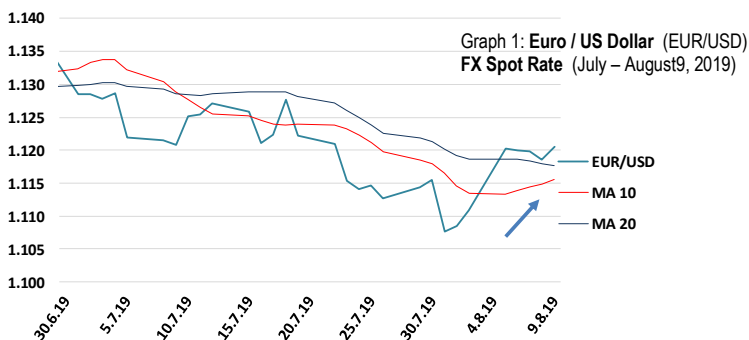
**EUR/USD: 1.1205**

[Bloomberg Ticker: EURUSD:CUR]

**US Dollars per 1 Euro**

**Graph Analysis**

According to Graph 1, it seems that there has been an overall bearish trend for the EUR/USD exchange rate. During the examined period, there were four secondary movements. More specifically, the exchange rate followed a downward trend until July 9<sup>th</sup>. The second movement was an upward trend which lasted from July 10<sup>th</sup> to 18<sup>th</sup> followed by a downward movement from July 19<sup>th</sup> to 31<sup>st</sup>, hitting the lowest price of the examined period on July 31<sup>st</sup>. Thereafter, an upward movement emerged until the last day of the examined period. Regarding the support levels, they seemed to be formed broadly at 1.11 while resistance levels were formed at around 1.13. Looking at the candlesticks in graph 2, there were many day-to-day fluctuations, with mainly negative candle bars being formed in the last two weeks of July. Based on graph 3, at the beginning of August, the MACD line crossed above the signal line indicating a potential buy signal which was also supported by the fact that price was under the lower band of Bollinger Bands and later crossed above the 20-day moving average, providing a buy signal (Graph 4).



**Fundamental Analysis**

At the beginning of July, the single currency dropped due to the combination of better-than-expected U.S. ISM Manufacturing PMI and a potential trade truce in U.S. China trade war. | On the following two trading sessions the exchange rate remained almost steady as according to Bloomberg's report, ECB would keep unchanged its rates and the drop of the German 10-year bond yield near all-time lows balanced each other out. | On July 4th, the decline of U.S. Treasury yields engendered expectations of a U.S. interest rates cut and the fact that US markets were closed because of the Independence Day, guided the greenback to drop. | On July 5th, the discouraging German factory orders increased possibilities of an aggressive easy policy of ECB causing losses to the pair. | On July 8th, the dollar gained ground as the US Non-farm Payrolls indicated the creation of solid jobs and the wage inflation was subdued. | On July 9th, the dollar reached a three-week peak due to the hopes that the Fed would not ease its monetary policy aggressively, cutting interest rates by 25-basis-points. | From July 10th to 12th, the improving Italian and French industrial production data, the outperformance of German yields and Powell's comments which boosted the expectations that for the first time in 10 years Fed would cut interest rates, led the exchange rate to an upward movement. | On the two following trading sessions, the euro experienced losses after the expectancy of a dovish ECB meeting and the stronger-than-anticipated U.S. retail sales. | From 17th - 18th of July, the euro rose as a result of the statement of the IMF that the greenback was overpriced and the fears of a more aggressive monetary policy of Fed while the U.S. building permits figures for June were worse-than-expected. | From July 19th to 23th, the dollar rebounded because of the reduction of fears concerning a 50-basis-point interest rate cut in that month and the hopes that a trade deal between China and U.S. would be done. Also, the deal, between Donald Trump and Congress, concerning the rise of the debt ceiling and investors' preparation for news of fresh stimulus from ECB, supported the decreasing trend of the pair. | On July 24th, the euro hit a two-month low against the greenback after the unsteady European economic data which strengthened expectations that ECB could attempt aggressive monetary policy easing. | On July 25th, the euro slightly appreciated due the lower U.S. durable goods orders in May and Draghi's statement that ECB's policy would be eased in September. | On July 26th, the single currency lost ground due to the fact that the US GDP rose more than the anticipated rate and the widening yield differentials between U.S. and German debt. | From July 29th to July 30th, the pair strengthened as Donald Trump criticized the Fed about the small rate cut, the market was on hold waiting for the FOMC meeting and the treasury yields were negative. | On July 31st, the euro experienced losses because of the decline of the German Bond yields to lower levels. | On the following three trading sessions, the exchange rate rose due to the announcement of slower U.S. employment growth in July and the trade tensions between China and U.S after new American tariffs on Chinese imports. | From August 6th to August 8th, despite the improvement of the German Factory Orders in June, the EUR/USD fell because of the decrease of the Industrial Production in Germany in June and the rumors about new elections in Italy. | On August 9th, the euro rebounded after U.S. President Donald Trump's comment regarding his disappointment concerning the Fed's policy.

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Examined Period	August 2004 – July 2019
Standard Deviation	0.1217
Average	1.2739
Range	-0.1086
Range (%)	-8.836%
Max	1.5988
Min	1.0387
Max Daily Range	0.0534
Min Daily Range	-0.0023

Examined Period	August 1999 – August 2019
Standard Deviation	0.1675
Average	1.2075
Range	-0.0967
Range (%)	-9.445%
Max	1.5988
Min	0.8273
Max Daily Range	0.0534
Min Daily Range	-0.0023

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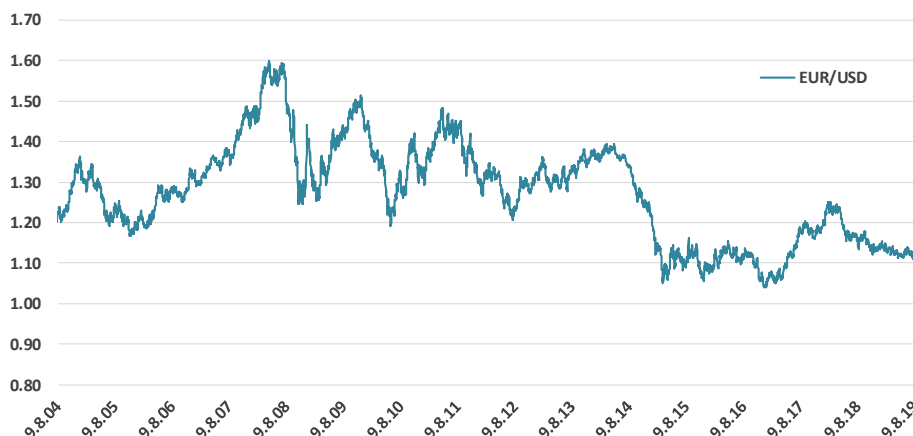
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**EUR/USD: 1.1205**

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

**Graph Analysis**

Graph 5: Euro / US Dollar (EUR/USD)  
FX Spot Rate (August 2004 – August 2019)



Graph 6: Euro / US Dollar (EUR/USD)  
FX Spot Rate (August 1999 – August 2019)



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EUR/USD Exchange Rate	EUR/USD	USD 1.1205 per EUR 1	August 9, 2019	----

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