

Valuation & Research Specialists (VRS)
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EUR/USD: 1.1257

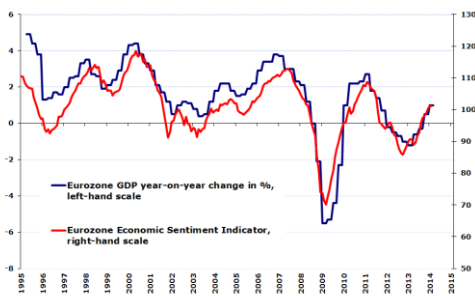
[Bloomberg Ticker: EURUSD:CUR]

US Dollars per 1 Euro

Graph Analysis and Fundamental View

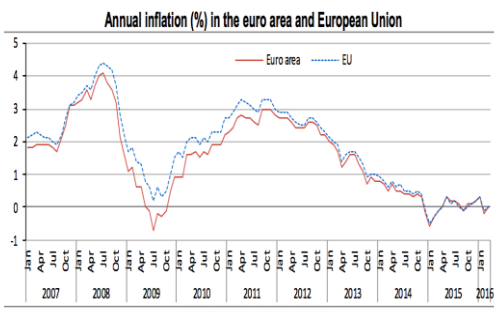
Our view is that the EUR/USD exchange rate is characterized by a strong support at 1.00 - 1.10 over the long-run from a fundamental point of view. At that level, EUR/USD has so far discounted a series of especially negative events and factors such as the multiple fiscal and economic crises in the weaker Euro zone countries, the successive credit and banking crises, the weak to negative GDP growth, deflationary pressures as well as the BREXIT factor. The most important risk we see against the above scenario is in the case where the Euro zone breaks up and more members leave the single currency. On the monetary policy front, we would not expect any sustained effect from potential interest rate hikes by the US Federal Reserve Bank that may occur in the foreseeable or distant future.

EURO ZONE GDP GROWTH & ECONOMIC SENTIMENT (Period 1995 - 2015)



Source: Eurostat.

EUROPEAN INFLATION (Period 2007 - 2016)

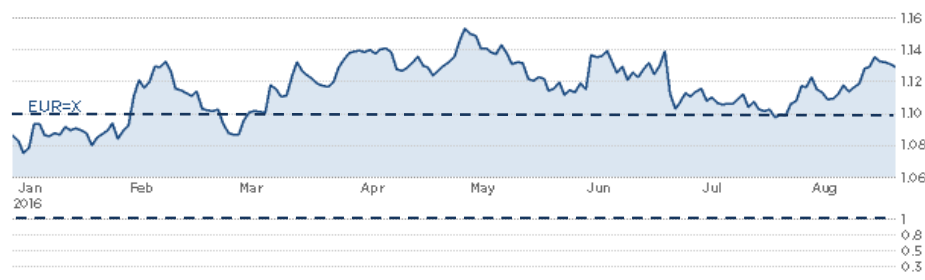


Source: Eurostat.

EUR/USD (Last 10 Years, Source: CNBC.COM)



EUR/USD (Year-to-date, Source: CNBC.COM)



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