

Valuation & Research Specialists (VRS)

VRS Research Team

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EUR/USD: 1.1385

[Bloomberg Ticker: EURUSD:CUR]

US Dollars per 1 Euro

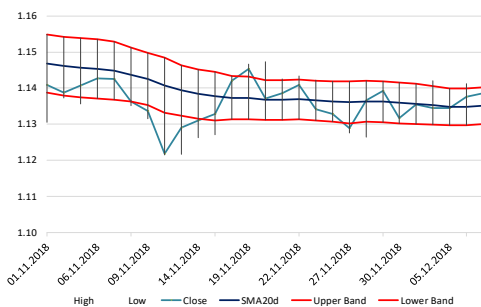
Graph Analysis and Technical View

According to graph 1, there is no clear sign of a bullish or bearish market for the EUR/USD exchange rate. During the examined period, there were four secondary movements. More specifically, the exchange rate followed a downward trend until November 12th. The second movement was an upward trend, which lasted from November 13th to November 19th, followed by a downward trend until the 27th of November. The last trend was upward with several fluctuations. Regarding the resistance levels, they seemed to be formed at 1.14 while support levels were formed at 1.12. Graph 2 provides information about the rate's daily fluctuation. It can be seen that there were many differences from day-to-day and that the EUR/USD formed positive candle bars during the last days of the examined period. According to Graph 3, during the last week, as the prices moved closer to the upper band a sell signal could be observed, which is further supported by the price oscillator's negative prices (Graph 4). In contrast to the above situation, as the price penetrated both the short-term and the mid-term moving averages from downside left to upside right, a buy signal is indicated.

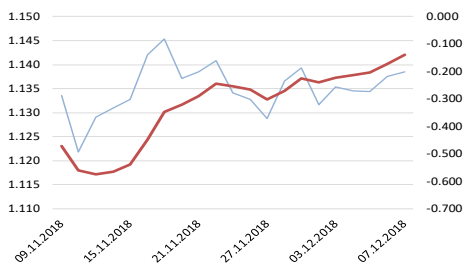
Graph 2: EUR/USD (November – December 7, Candle Bar)



Graph 3: EUR/USD (November – December 7, Bollinger Bands)



Graph 4: EUR/USD (November – December 7, PPO)

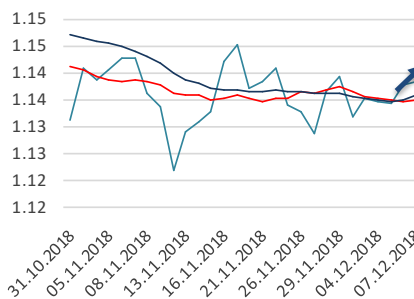


Important Note:

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Fundamental Analysis

The observed upward movement on November 1st was attributed to the positive process on the financial services deal between EU and Britain. | On November 2nd, President Trump expressed his willingness in reaching an agreement with his Chinese counterpart Xi Jinping regarding the trade war between them. Also, the European Commission rejected Italy's budget deficit suggestion referring that is too high, leading the euro to decline. | From November 5th to November 6th, euro advanced after the midterm elections and the uncertain situation in the US. | On November 8th, the investor's focus on FED's tightening monetary policy and the news from European Commission about the slowing growth in Euro-zone guided USD to higher territory. The following day, the tendency remained, due to comments that the FED would continue to raise the rates based on a tightening monetary policy and also due to the on-going debate regarding Italy's budget deficit. | At the beginning of the third week, the euro slipped even more on November 12th hitting the lowest point of the examined period, after European Commission President Jean-Claude Juncker said he was "moderately concerned" about Italy's relation with EU. | On November 13th, the withdrawal agreement between Britain and EU was almost finished with only some points left uncovered. However, the concerns about Italy's budget proposals limited euro's gains. | On November 16th, the euro moved upwards after two Federal Reserve officials mentioned that the interest rates were near the Fed estimates of a neutral rate, indicating that the FED was near the end of its tightening monetary policy. | On November 19th, an increase on EUR/USD occurred because of the Franco-German proposition for reforming the euro zone budget. | On November 20th, euro dropped, after Prime Minister Pedro Sanchez cited that Brexit would not be voted by Spain if it would not include any change in Gibraltar's text. | On November 22nd, there was an upward reaction for the euro, after the comment of the European Council President Donald Tusk that the trading relationship on goods between EU and Britain was closer than ever. | Furthermore, on November 23rd, the euro slipped as the purchasing managers index showed that the euro zone business growth slowed down more than expected. | On November 26th, the euro fell after ECB President Mario Draghi recognized the slowing growth in the region. The next day, the downfall trend remained after the declaration of President Trump that he will raise tariffs even more in Chinese imports. | On November 28th, the German Finance Minister Olaf Scholz said he wanted to promote the budget of the euro zone in order to improve investments and stability in the region, leading to an upward reaction in the rate. | At the beginning of December 2018, the news about US-Chinese trade truce, made investors seek for more risky assets, leading USD to drop. | On December 4th, the euro slightly dropped after the leader of the UK Labor Party, Jeremy Corbyn, expressed his unwillingness to vote for a nebulous Brexit. | On December 7th, the dollar declined as the U.S. economy slowed down due to the fact that confidence had been hurt by the higher trade tariffs.



Graph 1: Euro / US Dollar (EUR/USD) FX Spot Rate (November 2018)