

Valuation & Research Specialists (VRS)

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EUR/USD: 1.1379

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

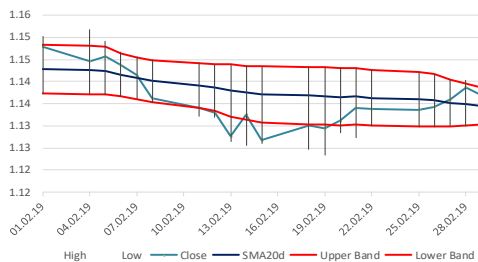
Graph Analysis

According to graph 1, it seems that there has been a slightly bearish market for the EUR/USD exchange rate. During the examined period, there were three secondary movements. More specifically, the exchange rate followed a downward trend until the 8th of February, followed by a sideways trend with some fluctuations, in which it hit the lowest point of the period, until 18th of February. The third movement was an upward trend which lasted from 19th of February until 1st of March. Regarding the resistance levels, they seemed to be formed at 1.15 while support levels were formed at 1.12. Graph 2 provides information about the daily rate fluctuations. It can be seen that there were many differences from day-to-day and that EUR/USD mainly formed positive candle bars during the last week of the examined period. In the last week, a buy signal can be observed as the price penetrated both the 20-day SMA and the mid-term moving average from downside left to upside right. At the same time the price moved closer to the upper band of Bollinger Bands (Graph 3) in last two days, indicating an overbought market. In contrast to the above indications, Relative Strength Index (Graph 4) is in the grey zone indicating a hold signal.

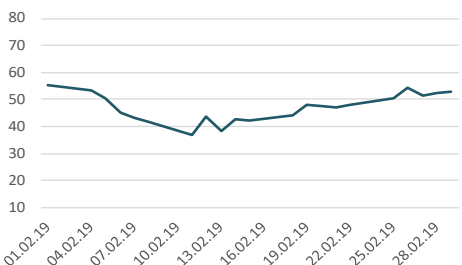
Graph 2: EUR/USD (February – March 1, 2019, Candle Bar)



Graph 3: EUR/USD (February – March 1, 2019, Bollinger Bands)

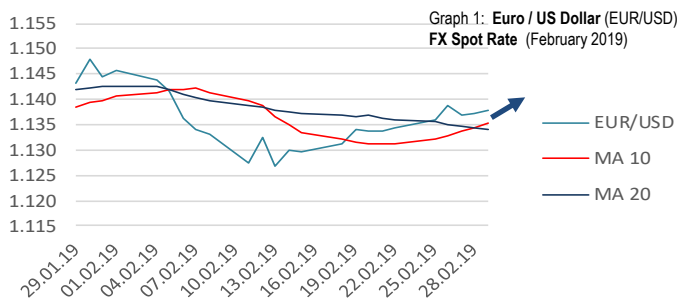


Graph 4: EUR/USD (February – March 1, 2019, RSI)



Important Note:

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Fundamental Analysis

At the beginning of February, although core inflation inched higher, the soft euro zone inflation data and the weak manufacturing PMIs in Germany and Italy left the EUR/USD almost unchanged. | On February 4th, following Finance Minister Olaf Schulz's announcement that Germany could face budget deficits in the near future, a downward trend emerged. | The next four days of the week, the pair insisted on the downward path as negative news concerning the Eurozone overwhelmed the market. The European retail sales dropped and the German factory orders data were lower than expected. At the same time, the EU Commission forecasted a weaker economic growth for the Eurozone. The investors' fear about the spread of the global slowdown to the Eurozone led euro to its biggest weekly fall since late September on Friday 8th. | The second week of February commenced with a further decline of the pair, due to a deterioration of the 10-year German bond yield for the first time in over 2 years. | On February 12th, Sino-U.S. trade tensions seemed to benefit the U.S. dollar, which was remaining the highest yielding currency as all major central banks were turning dovish. | On February 13th, the EUR/USD closed to a lower level after Eurostat published statistics displayed a larger than expected drop on industrial production, a movement further supported by the statement of the head of the Dutch central bank that the Euro zone economy slowdown could last a few quarters. | On February 14th, the pair rebounded, following a report that U.S retail sales recorded the biggest drop in more than nine years in December. | The week ended with a downside move of the pair, after Benoit Coeure, a European Central Bank official, announced ECB's thought of issuing new longer-term refinancing operations amid slowing euro area economic growth and swallow inflation for the Eurozone. | In the 3rd week, the EUR/USD gained ground for 2 consecutive days, as the euro was positively affected by the progress of the U.S.-China trade talks, as well as by the highest in the last five months German economic sentiment indicator, while the greenback was hit by dovish comments made by Federal Reserve members. | The following two days, the pair deteriorated slightly, as the Federal Reserve decided to maintain steady interest rates for the foreseeable future, thus managing to maintain a stable U.S. dollar, while the euro dropped, after ECB forecasted a weaker economic near-term growth. | From February 22th to February 26th, the euro posted gains as core consumer inflation in the EU was in line with the market's forecasts. President Trump's announcement for extension of the U.S. - China trade deadline and Jerome Powell's report that the central bank would remain patient on interest-rate hikes also supported the movement. | On February 27th, the pair's bullish movement halted, due to statements made by the ECB Governing Council member Ewald Nowotny referring to Italy's debt as a threat to the EU. | The euro rose against the dollar, on February 28th, as growing expectations that EU economy may have turned a corner, encouraged investors to buy the single currency. | On March 1st, there was a high level of action because of flash PMI updates from both sides of the Atlantic with the euro gaining further ground.