

Valuation & Research Specialists (VRS)

VRS Research Team

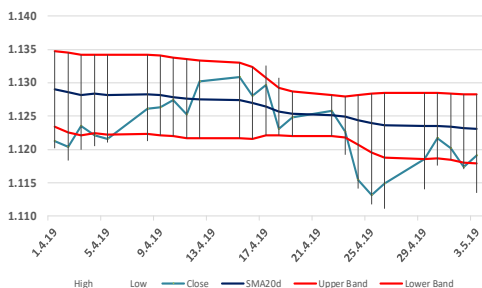
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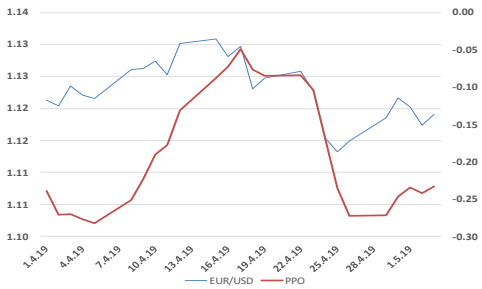
Graph 2: **Candle Chart** (April – May 3, 2019)



Graph 3: **Bollinger Bands** (April– May 3, 2019)



Graph 4: **PPO** (April – May 3, 2019)



Important Note:

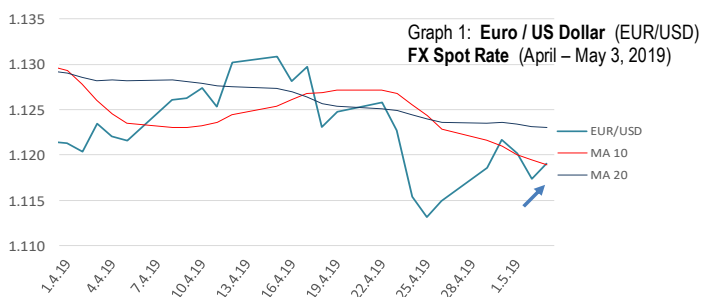
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EUR/USD: 1.1191

[Bloomberg Ticker: EURUSD:CUR] US Dollars per 1 euro

Graph Analysis

According to graph 1, it seems that there is no clear sign of a bullish or bearish market for the EUR/USD exchange rate. During the examined period, there were 3 secondary movements. More specifically, the exchange rate followed an upward trend until April 15th, reaching the highest price of the period under consideration. The second movement was a downward trend which lasted from April 16th to April 25th, hitting the lowest point. The third movement was an upward trend which continued 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. Graph 2 provides information about the rate's daily rate fluctuations. It can be seen that there were many differences from day-to-day and that EUR/USD mainly formed negative candle bars during the last week of April. In the last week, a buy signal can be observed as the price moved closer to the lower band of Bollinger Bands (Graph 3) indicating an oversold market while it penetrated the 10-day MA from downside left to upside right. In contrast to the above indications, the PPO continued moving into negative territory providing a potential sell signal (Graph 4).



Fundamental Analysis

At the beginning of April, the dollar gained some ground against the euro as U.S. March ISM Manufacturing PMI exceeded the expectations. | On April 2nd, the bearish movement was further enhanced due to the worries about a hard Brexit's impact on the euro zone economy and the reported decreasing manufacturing activity in the same region. | On the following day, the possible closure of the U.S.-China agreement, and the shift of the 10-year German bond yield to positive territory boosted the pair. | On April 4th and 5th, the discouraging German economic data concerning the industrial orders as well as Italy's pessimistic growth predictions contributed to the downward movement of the EUR/USD. | On April 8th and 9th, the euro regained some losses against the dollar as a result of stronger than expected Germany trade data, a slight reduction in U.S. factory orders and the positive anticipations of the ECB's meeting on Wednesday. | On April 10th, the currency kept on rising, as ECB decided to leave key interest rates unchanged this year and to keep investing the principal payments from its bond-buying program, meeting the above-mentioned expectations. | The next day, the direction of the exchange rate reversed thanks to optimistic news about U.S. inflation and labor data. | The announcement regarding the intention of Mitsubishi UFJ Financial Group to buy an aviation finance business in Germany and the above consensus data of industrial production in a range of eurozone countries made the greenback fall on April 12th. | In mid-April, the fact that Donald Trump accused the Fed of the economy's slowdown due to its tight monetary policy in conjunction with the improvement in European manufacturing data led the euro to increase slightly, reaching a monthly high. | On April 16th, the single currency dipped after the report for the monthly German Current Situation which proved to be overestimated. | On April 17th, the dollar lost ground as the release of China's upgraded economic data led investors to take on more risky positions. | On April 18th, U.S. strong retail sales and weak manufacturing data of the eurozone forced the shared currency to lose strength against the dollar. | The following two trading sessions, in view of the Easter Holiday, there was a rise of the pair, supported by attenuated U.S. Home Sales data. | On April 23rd, a downward movement emerged as American Home Sales reached a 17-month peak and investors preferred the relatively safer American stocks and bonds rather than the European ones due to several concerns about the eurozone economy. | On April 24th and 25th, the German IFO reports which crushed the high expectations and the growth in orders for U.S.-made capital goods caused the EUR/USD to plunge to an approximately 2-year low. | On April 26th, even though the U.S. Q1 growth data results proved stronger than anticipated, the greenback noted a small decline as traders awaited Fed's interest rates cut because of the deceleration of inflation. | The last week of the examined period commenced with a further increase of the pair. The release of European GDP data and Germany's HICP, CPI and Unemployment data, which were observed improved, uplifted the euro zone economy. Meanwhile, the deterioration of the U.S. inflation reinforced the expectations of Fed's plan to keep interest rates steady. | On May 1st, the verification of the aforementioned estimations concerning the Fed's decision and the fact that the European markets were closed due to Labor Day, guided the euro to drop. | On May 2nd, the pair continued its downward trend after Fed's Chairman Jerome Powell claimed that the deceleration of the U.S. inflation is temporary while Germany's Manufacturing PMI and retail sales declined. | On May 3rd, euro rebounded as US Services PMI hit the lowest level since March 2017, putting a bearish sentiment on the greenback.

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

Graph Analysis

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



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



Examined Period April 2004 – May 2019

Standard Deviation	0.1204
Average	1.2754
Range	-0.0968
Range (%)	-7.961%
Max	1.5988
Min	1.0387
Max Daily Range	0.0534
Min Daily Range	0.0008

Examined Period April 1999 – May 2019

Standard Deviation	0.1682
Average	1.2067
Range	0.0468
Range (%)	4.364%
Max	1.5988
Min	0.8273
Max Daily Range	0.0534
Min Daily Range	0.0008

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