

Valuation & Research Specialists (VRS)

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EUR/USD: 1.1552

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

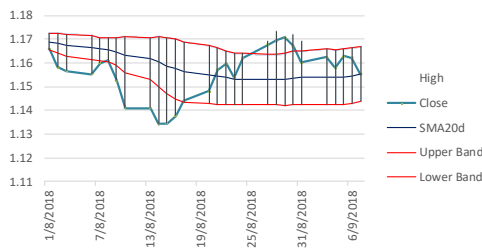
Graph Analysis and Technical View

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 14th of August where the pair hit the lowest point of the period. The second movement was an upward trend and lasted from August 15th to August 29th, where the currency moved to the highest point of the period, followed by a downward movement until September 7th. Regarding the resistance levels, they seemed to be formed at 1.17 while support levels were formed at 1.13. Graph 2 provides information about the daily rate fluctuations. It can be seen that there were many differences from day-to-day and that the EUR/USD mainly formed negative candle bars during the last week of the examined period. In the last week, a sell signal can be observed as the price penetrated both the short-term and the mid-term moving average from upside left to downside right. According to Graph 3, on 7th of September, currencies' price decreased down the 20-day SMA indicating a sell signal. In contrast to the above indications, Relative Strength Index (Graph 4) is in the grey zone indicating a hold signal.

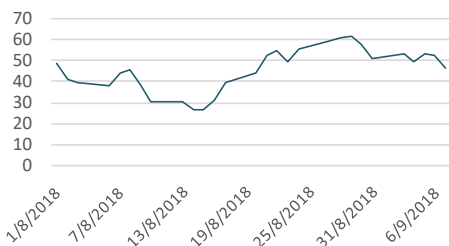
Graph 2: EUR/USD (August 2018, Candle Bar)



Graph 3: EUR/USD (August 2018, Bollinger Bands)

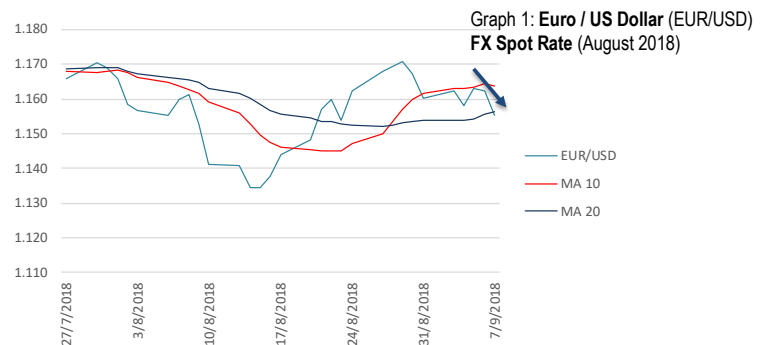


Graph 4: EUR/USD (August 2018, Relative Strength Index)



Important Note:

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Fundamental Analysis

From August 1st to August 3rd, Fed indicated that US interest rates would continue to rise widening more the divergence with the Eurozone's interest rates, leading the Dollar to an upward trend. Moreover, trade war worries between the US and China and the US jobs report helped the dollar gain against the euro. | On August 6th the Italy/German bond yield widened and Italian banks built up domestic bond holdings causing the euro to move downward. | Euro regained against dollar until the 9th of August due to the ECB and the Bank of Japan (BoJ) being in no rush to tighten their policy. | On August 10th the Turkish lira marked record low, forcing the dollar to rally. The US doubled tariffs on Turkish steel and aluminum and investors feared bank exposures to Turkey. | On August 13th the dollar continued to rise after Turkey's economic woes hurt the euro. | On August 14th the Turkish President declared that Turkey will boycott US electronic products, which resulted in a slight fall of the dollar. | On August 15th Turkey announced a raise in tariffs on US imports and Qatar announced its intention to aid Turkey. Despite that, fears over European banks' exposure to Turkey didn't let the euro take advantage of the rise of the Turkish lira and forced it to move downwards. | On August 17th U.S. President Donald Trump said that there will be no payment for release of detained American by Turkey. On August 20th the announcement of the Italian government concerning an 80 billion "Marshall Plan" rose fears. However, the EUR/USD continued its upward trend. | On August 21st President Trump accused China and the EU of currency manipulation and questioned the need for higher domestic interest rates causing dollar to move downwards. | On August 23rd new trade tariffs and a latest policy from the Federal Reserve stopped dollar's five-day losing streak. | On August 24th Federal Reserve Chairman Jerome Powell said that he sees little risk of inflation overheating and the trade talks between the US and China ended. As a result, 25% tariffs on 16 billion dollars' worth of goods were imposed and the dollar slipped. | From August 27th to August 29th the euro continued to rise and hit 1-month high on August 29th due to a rise on Germany Ifo Business Climate Index and a drop on US Pending Home Sales. | On August 31st a drop in the Euro zone CPI (2.0% from 2.1%) forced the euro to lose strength against the dollar. | On September 4th the dollar rose after the US ISM Manufacturing Figure came in at 61.3, the highest since 2004. | On September 5th, although the German Services PMI missed the forecast, there seemed to be hope for a Brexit deal which caused the euro to move upwards. | On September 6th concerns were raised over the US - China trade war however they didn't affect the dollar which advanced. | On September 7th positive US data concerning employment contributed to the downward movement of EUR/USD.