

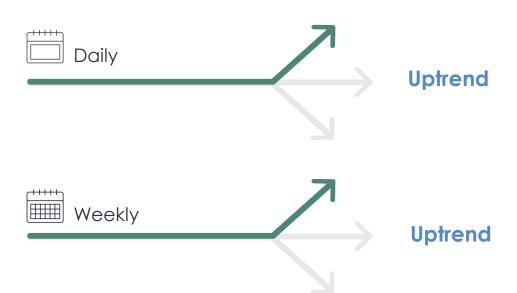
Weekly FX Majors Analysis

EUR/USD





Market Condition



Fundamental Analysis

Recent developments

EUR/USD retraced slightly last week having tested technical trendline resistance, alongside a modest bounce in the dollar, which occurred in tandem with a bounce in US equities (with which correlation remains strong). German and eurozone inflation data are inbound for the euro this week, while the US remains the driver for price action on overall macro risk-on/risk-off dynamics, alongside a string of domestic releases including GDP and Friday's Non-Farm Payrolls.



'Modest euro pullback are likely to be bought into.' Long-term constructive factors and sentiment remain in place, and any retracement in EUR/USD is likely to be bought into. Various ECB members have opined on rate policy – acknowledging tariff-induced downside risks to growth but pushing back on the need to enter 'accommodative' policy below the 2% level. ECB Chief Economist Lane added that trade tensions are unlikely to result in a recession for the eurozone (which would lend support to the unlikely adoption of accommodative policy). Friday's eurozone inflation data may show a slight increase in core inflation, which would also stem the ECB's desire to make deeper cuts – core CPI is expected to show a slight uptick on the month from 2.4% to 2.5%, which may lend support to the euro.

Brief dollar respite possible despite long-term headwinds

While the longer-term sentiment toward the US, and thus the dollar, remains challenging, sensitivity to tariff headlines has reduced a little of late, and the current recovery in US equities is providing some respite in markets. Any headlines which surround any slight softening of the tariff stance from the US toward China offer the chance for US equities, Treasuries, and the dollar to bounce in concert with one another. The current likelihood leans toward a bounce in the dollar, but there is little to suggest that this should signify a longer-term improvement in sentiment toward the dollar at this time. Some of the recent dollar declines have also been driven by Trump's attacks on Fed Chair Powell, with Trump clearly critical of the lack of appetite to cut rates faster and deeper than the current stance suggests. Trump's ability to remove Powell is limited, but the clear desire for a weaker dollar has contributed to the recent decline. From here, the dollar may enjoy a mechanical bounce, but markets will be focused on the inbound US data this week. Friday's Non-Farm Payrolls will be used as a slight recession risk indicator, which is important during a time of dispersion in views toward the fate of the US economy. A print below 100k jobs added would weaken USD, while a print above 150k could support a further bounce.

Technical Analysis

The uptrend status in EUR/USD continues to prescribe an upside bias. The uptrend channel, shown on page 1, shows that the upside has failed at the trendline resistance (as seen by last week's momentum high). From current levels, a retracement may then find buyers at the trendline support, which would equate to a test of around the 1.12 area (where pullback buyers are likely to emerge). Should another upside momentum leg be seen, the clear technical target will be for a further test of the trendline resistance and the 1.1714 level, but this may take some time.



Upside

1.15

Big technical resistance level 1.1573

Last week's momentum high will remain an upside technical target.

1.1714

Simply huge chart level since 2016. Attainable but not in the short-term.



Downside

1.1275

A retracement may hold at this big 2023 level.

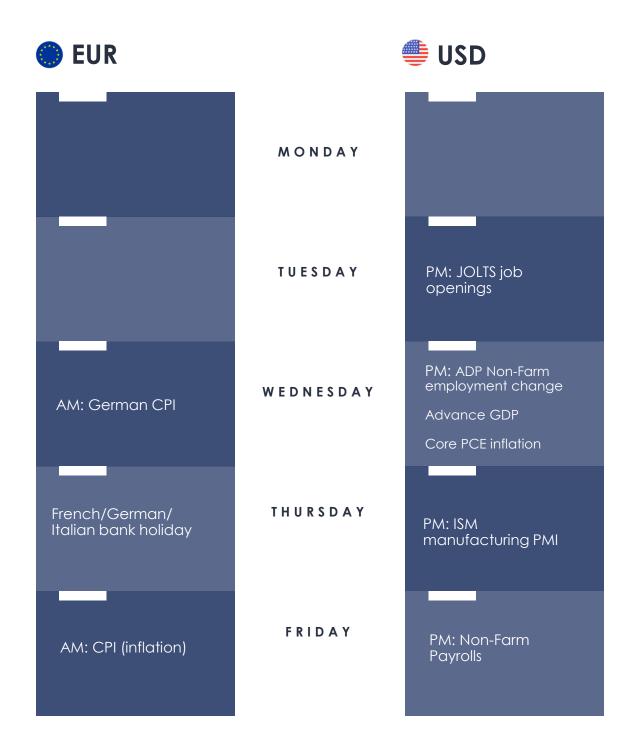
1.1186

Chart technical level and trendline EURUSD dip buyers 1.0929

A sharper retracement could target these levels.

Looking Ahead

A look ahead to the key scheduled data releases for the week



About Argentex

As a global expert in currency risk management and alternative banking, Argentex offers bespoke services alongside market leading technology for businesses and financial institutions. When choosing Argentex, clients benefit from competitive rates, tailored risk management solutions and certainty that their organisation is in safe hands.

Argentex is listed on the London Stock Exchange, with offices in the UK, the Netherlands, Australia and UAE. We've transacted more than \$200bn for our clients since 2012, making payments in up to 140 currencies on their behalf.

Get in touch with one of our currency experts to find out more:

Connect@argentex.com

London: +44 (0)20 3862 6009

Netherlands: +31 (0)20 808 5646

www.argentex.com

Argentex LLP

Argentex LLP is an authorised and regulated by the FCA for the provision of the investment services, FRN 781007, and for the issuing of electronic money, FRN 900671.

This document specifically refers to those services offered by Argentex that do not fall within the scope of investment services - spot contracts and forward contracts that meet the mean payment exclusion criteria as defined in the MiFID II regulations. Nothing contained in this document should be construed as advice, a personal recommendation or inducement to deal in any MiFID II designated financial instruments.

Argentex B.V.

Argentex B.V. is a limited liability company registered in Amsterdam, the Netherlands with Chamber of Commerce number 81662076 and is a subsidiary undertaking of Argentex Group PLC. Argentex B.V. is authorised and regulated by the Dutch Central Bank as an Electronic Money Institution, DNB number R182875.

This document specifically refers to those services offered by Argentex that do not fall within the scope of investment services – spot contracts and forward contracts that meet the means of payment exclusion criteria as defined in the MiFID II regulations. Nothing contained in this document should be construed as advice, a personal recommendation or inducement to deal in any MiFID II designated financial instruments.

