

EURUSD

Daily Update

Thursday 16th March 2023

EURUSD Fundamentals:

EURUSD's strong start to the week, which saw it trade as high as 1.0749 on Tuesday, was eroded yesterday by fresh worries over the future of Credit Suisse and increased concerns that the recent turmoil in the US banking sector could spread to Europe. Traders rushed to buy dollars as a safe haven and sold Euro's on the expectation that the ECB may not be as aggressive raising rates, despite Europe's high inflation. At one point this sent EURUSD falling 1.9% to fresh 2 month lows at 1.0516, although it has since recovered to 1.06 today.



EURUSD volatility should remain high through Thursday as traders digest the **ECB Interest Rate Decision at 1315 GMT** and then get to hear from ECB president Lagarde in the **press conference at 1345 GMT**. Only as recently as last week markets expected a 50bps hike today and for Lagarde to continue to signal further aggressive 'jumbo' rises at following meetings. This is now all in doubt as traders look for for the ECB to seriously consider slowing or even pausing hikes to give banks and other businesses breathing room from the recent market upheaval.

EURUSD Technicals:



Daily Technicals:

Wednesday's sharp rejection of the recent recovery from below 1.0777 (mid-point Feb/Mar sell-off) tested 1.0520 support (trendline since Dec'22). A bounce is currently developing, but 1.0520 appears a focus today, with breaks suggesting deeper declines towards 1.0287 (mid-point Sep/Feb upside) possibly 1.0108 (62% level).

To the upside, moves above 1.0641 (half latest decline) point to attempts to see higher levels, although only closes above 1.0777 indicate an improving picture and risks to higher levels.

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