

EURUSD

Daily Update

Wednesday 31st May 2023

EURUSD Fundamentals:

EURUSD had a tough start to the shortened trading week, falling to fresh 2 month lows at 1.0672 early on Tuesday, as traders dealt with news of a snap general election in Spain, however it recovered the early losses to trade as high as 1.0746 in the afternoon as the dollar saw some fresh selling on optimism the US debt ceiling deal will pass through Congress. Since then, the weaker than expected China PMI data, released earlier this morning, has weighed on EURUSD through the Asia session, sending it back below 1.0700.



Looking forward it's a big 24 hours for Eurozone inflation data with the **Preliminary German CPI release for May at 1300 BST today**, followed by the **Preliminary release for the EU at 1000 BST tomorrow**. With EU prices currently rising at nearly 3 times the ECB's target level of 2%, this update could provide fresh upside momentum to a flagging EUR if it signals an increased likelihood of further ECB rate hikes, and vice versa. **The US JOLT Job opening releases at 1500 BST today** could also have an impact on EURUSD as it will provide an update on the state of the US labour market ahead of the big **Friday Non Farm Payrolls release**.

EURUSD Technicals:

Daily Technicals:

While Tuesday did see attempts to rally from new correction lows, there was no conclusive evidence of a positive reversal, maintaining risks for a deeper retracement of September'22/April'23 upside. Breaks under 1.0672 (Tuesday's low) continue to be a risk, with such moves exposing declines towards 1.0499/1.0516 (March 15th low and 38% retrace).

Closes above 1.0755 (half latest downside) are needed to point to further strength, a move that could challenge 1.0835 (38% Apr/May sell-off).



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