

# EURUSD

## Daily Update

### Wednesday 25th October 2023

## EURUSD Fundamental Analysis:

**EURUSD has had a volatile start to the week.** After registering a low at 1.0571 early on the Monday open, improved risk sentiment and short covering saw a steady rise in prices to hit a high at 1.0693 early on Tuesday morning. That upside momentum quickly stalled after the release of a weak Eurozone PMI reading which showed business activity hitting a 3 year low, indicating the region may already be in recession, sending EURUSD straight back below 1.0600 again.



**Looking forward,** it's likely to be a busy end to the week for EURUSD traders. **ECB President Lagarde** speaks at an event organised by the **Bank of Greece at 1800 BST tonight.** Then, **tomorrow at 1315/1345 BST markets have the ECB Interest Rate Decision and Press Conference to contend with.** The ECB have indicated a pause to rate hikes is likely, so traders will be listening to what Madame Lagarde says at the press conference. Will she stick to the 'higher interest rates for longer' script to deal with inflation, or acknowledge the damage this may do to Eurozone growth going forward? The week finishes with **US PCE Inflation Data at 1330 BST on Friday.** This is the Fed's preferred gauge of inflation and any deviation from market expectations, higher or lower, could ensure a volatile end of the week for FX markets.

## EURUSD Technical Analysis:



### Daily Analysis:

Breaks above 1.0639 (38% retrace Aug 30<sup>th</sup>/Oct 3<sup>rd</sup> sell-off) triggered further upside to challenge 1.0698 (higher mid-point) from which a rejection developed. This continues to be a focus with confirmed breaks opening 1.0756 (higher 62% retrace) even towards 1.0808 (Sep 4<sup>th</sup> high).

To the downside, 1.0546/64 (Bollinger mid-average and 62% retrace) should be watched as breaks expose risks to 1.0495 (Oct 14<sup>th</sup> low), possibly 1.0448 (Oct monthly extreme).

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