

EURUSD Daily Update Wednesday 16th October 2024

EURUSD Fundamental Analysis:

EURUSD has been under pressure at the start of this week as interest rate differentials between the ECB and Fed rate outlooks shift to favouring a weaker Euro. After opening on Monday around the highs at 1.0936 EURUSD slipped lower to register a new two month low at 1.0881 early on Tuesday morning before some fresh buying interest emerged.



Looking forward, the remainder of the week could be a volatile one for FX traders to navigate. First up, **ECB President Lagarde speaks tonight at a central bank dinner in Slovenia at 1940 BST**, where any comments on the Eurozone economy and path of inflation could create some market moving headlines. Then, more importantly, on **Thursday the ECB Interest Rate Decision is released at 1315 BST**. Traders are expecting another 25bps (0.25%) rate cut so anything else would be a surprise. This is quickly followed by the **ECB Press Conference which starts at 1345 BST** and could be the most important event of the week as there is uncertainty over what the ECB do next given the weakness in Eurozone growth. Any hint from Madame Lagarde that the central bank could cut interest rates more aggressively than expected into the end of 2024 could see EURUSD hit fresh lows, while a less dovish stance could see a nasty short squeeze ensue.

EURUSD Technical Analysis:



Daily Analysis:

This week's push lower saw 1.0908 (mid-point YTD strength) give way on Monday, a move that has tested support at 1.0881 (Aug 8th low). This level remains the focus, as confirmed breaks below here suggest deeper declines to 1.0835 (62% retrace), even 1.0777 (Aug 1st extreme).

To the upside, breaks of 1.0939 (half latest decline) are required to open moves back to 1.1008 (38% retrace Sep 25th to Oct 15th weakness).



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