

EURUSD Daily Update

Thursday 12th December 2024

EURUSD Fundamental Analysis:

EURUSD has edged lower at the start of this week as traders digest the ramifications of a no confidence vote in Germany on Chancellor Scholz leadership and a firm, but in line with expectations US inflation (CPI) release. After opening the week with a push to a high of 1.0594, EURUSD reversed direction on Monday afternoon and continued to drift lower across the week to print a low of 1.0480 on Wednesday before fresh buying interest appeared.



Today, the ECB Interest Rate Decision which is released at 1315 GMT and the ECB Press Conference led by Madame Lagarde are likely to dominate the direction of EURUSD into the weekend. Currently, trader expectations are for the ECB to cut interest rates 25bps (0.25%) at this meeting, but there are a minority of investors who think they may go one step further and cut 50bps (0.5%) to provide extra support for the economy going into next year. Once the interest rate decision is known, the focus for traders will be on ECB President Lagarde's comments in the press conference. FX traders will be looking to see if she provides any signals that the ECB are ready to cut interest rates further at the start of 2025, or if concerns about a resurgence of Eurozone inflation may see her be more guarded in her responses to the path of ECB rate cuts moving forward.

EURUSD Technical Analysis:

Daily Analysis:

As the ECB announcement nears, EURUSD has entered a period of choppy sideways activity. The extremes of this move are 1.0629 to the upside (Dec 7th high) and 1.0460 on the downside (Dec 2nd low). These are likely to be the important levels to watch today.

Breaks above 1.0629 can see a more extended retracement towards 1.0672 (38% Sep/Nov declines), even 1.0776 (mid-point), while daily closes below 1.0460 can expose risks back to 1.0333 (Nov 22nd extreme).



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