



Source: Thomson Reuters

Fundamental Analysis

February was a month of depreciation for the EUR/USD pair. The first week of the month was marked by a downfall from 1.1471 to 1.1346, since uncertainty about Germany's economy remained high. Additionally, German Manufacturing PMI was announced on February 1st to be 49.7, 0.2 worse than expected. The same day US ISM Manufacturing PMI was 56.6, 4.2% higher than estimated, having a positive effect on USD. The uptrend of USD continued as the Crude Oil Inventories of February 6th were higher than anticipated by 1.265 million barrels. The second week, the pair reached month's low on February 15th, because German GDP for the 4th quarter was 0.0%, confirming the aggravation of Germany's economy. The appreciation of EUR started on February 18th with the Germany ZEW Economic Sentiment Index surpassing market's forecast, indicating a positive economic outlook. The uptrend continued on February 21st when the ECB published the account of Monetary Policy showing a balance in the Eurosystem, as the profit for the year increased by €301million and the total size of the ECB's balance sheet rose by 8%, leading the pair at 1.1354. The last week found the pair appreciated since the FED Chair Jerome Powell's announcement on 22nd, implying rates might be raised in order to keep inflation close to 2%, and USA's GDP for the 4th quarter remaining stable at 2.6%, had a negative effect on USD, resulting the pair at 1.1391.

Technical Analysis

In February, EUR/USD started at 1.1442 and has registered a bearish movement. On the 1st February, RSI indicator had reached the high levels of 71.1363, signaling an overbought market. At the same day, MACD crossed down the signal line confirming the beginning of a downtrend, which led the pair to decrease until reaching the mark of 1.1427 on the 4th. On the 13th, the EUR/USD pair registered a negative signal from the MACD as the second decreased, proving the strong downward movement that emerged on 11th, when the SMA9 crossed the chart from above. On 19th, the difference between SMA12 and SMA26 was growing bigger, sending an upward momentum to the market that was confirmed when the SMA9 crossed the chart. After these positive signals, MACD fell again below zero and on 20th of February the spot rate occurred a depreciation due to the deterioration of MACD indicator combining with the high levels of RSI. After some consolidating ups and downs, the month of February closed with EUR/USD at 1.1391.

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