



Source: Bloomberg

## Fundamental Analysis

Following February's downfall trend, the depreciation of the EUR/USD continued in the first week of March, due to the high uncertainty regarding the Brexit negotiations and the German economy being on the verge of entering a recession. Additionally, US ISM Non-Manufacturing PMI was announced on March 5<sup>th</sup> to be 59.7, 4.1% higher than expected, having a positive effect on USD. Furthermore, on March 7<sup>th</sup> the OECD downgraded Eurozone's 2019 and 2020 GDP growth estimations by 0.8% and 0.4% to 1.0% and 1.2% respectively. In the second week, the EUR/USD started its uptrend since ECB's monetary policy announced on March 8<sup>th</sup>, quicker than expected, in order to counter Eurozone's economic slowdown. In reaction to ECB's announcement, both German Bunds and Eurozone periphery sovereign bond markets improved significantly, because of ECB TLTROs effect, thus having a positive impact on EUR. The EUR/USD reached month's high on March 21<sup>st</sup>, when the EU leader summit was held, offering an extension for the Brexit until May 22<sup>nd</sup>. The last days of March were marked by depreciation due to high pressures regarding no deal Brexit, uncertainty about the merger between Deutsche Bank and Commerzbank and the positive sentiment towards USA and China trade talks, thus leading the pair to 1.1235.

## Technical Analysis

On March, the EUR/USD was marked by a bearish movement and delivered its worst performance since October, weighed down by fears about economic growth and cautious signals from the European Central Bank. On the first eight days, a sharp depreciation of the EUR is observed on March 7<sup>th</sup>, reaching the lowest value of the month at 1.1177. After this period, on March 8<sup>th</sup>, an upward movement initiated, while at the same time MACD starts to rise above the signal line, confirming the bullish movement until March 11<sup>th</sup>. During these four days, the SMA12 started to rise above SMA26 and at the same time RSI was at extremely low levels, indicating that the EUR/USD was oversold by the market. The trend turned up during the first half of the month, but peaked on March 20<sup>th</sup> at 1.1448. Momentum shifted to the downside earlier this week when the EUR/USD crossed to the weak side of a key retracement zone. On March 26<sup>th</sup>, it breaks the support of 1.1334 formed four days earlier. The same day, MACD fell again below the signal line starting a bearish trend with the price reaching 1.1235 on the last day of the month.

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