EUR/USD

Weekly FX Report

Fundamental Analysis

Recent developments

EUR/USD has remained rangebound, staging a recovery from sub 1.16 levels last week. That's driven by a softer dollar tone after news emerged of a memorandum of understanding (MOU) for a 60-day ceasefire, which drove some wider 'risk on' moves. Middle East developments remain the primary driver of sentiment, given the impact on inflation expectations and central bank policy. Eurozone inflation data tomorrow and Friday's Non-Farm Payrolls in the US are the key data releases this week.

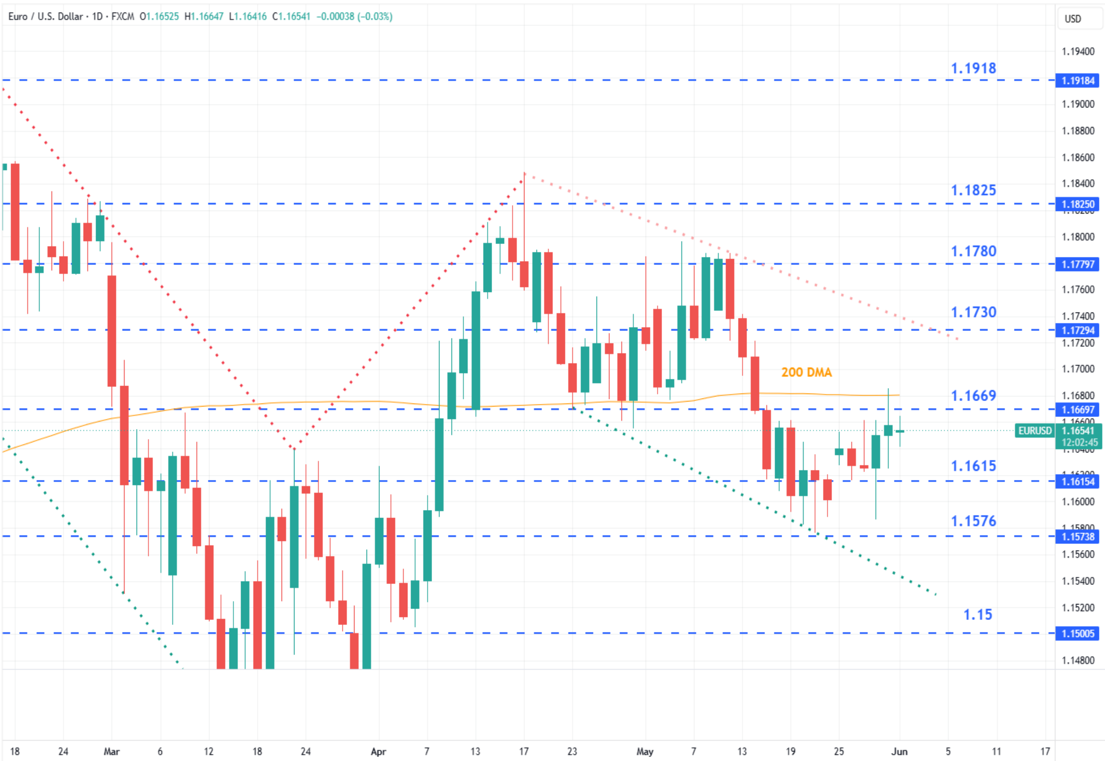
The ECB, as discussed, remains in an inflation versus growth trap, but the growing chorus of ECB policy hawks looks to be gaining traction. Stournaras and Kazaks last week stated an interest rate hike on 11 June is the "most likely scenario". Such policy timing leaves broad underlying support for EUR/USD. Expectations for tomorrow's eurozone inflation to hit 3.3% y/y (up from 3% last time) may embed the hawkish narrative. A de-escalation path in the Middle East would also underpin gains in this currency pair, giving a medium-term upside bias to price action.

Scope for 60-day de-escalation rebuffs recent dollar strength

Core PCE (the Fed's preferred inflation measure) at 0.2% m/m was 0.1% below forecast last Thursday, alongside a far weaker-than-expected GDP figure. This was enough to unwind much of the gains seen in the dollar last week. Underlying sentiment has become more positive for the dollar… Short positioning has reduced heavily, data has generally been solid, and of course markets have begun to price in a rate hike towards the end of the year, representing a marked shift in expectations from Q1. Last week, various Fed members struck a hawkish tone. Cook suggested that, given the labour market is looking resilient, the Fed should be more focused on the 2% inflation target (and thus lean more towards hawkish policy). News of a 60-day US/Iran ceasefire also undermined the dollar safe-haven bid, but both sides are not fully aligned. Trump urged markets to "sit back and relax" and said Iran wants to make a deal. Non-Farm Payrolls on Friday are expected to show 95k jobs added for the month. A big deviation from this number would be required to shift the market's rate policy expectations.

EUR/USD Daily Chart

IFX Payments created with TradingView.com, Jun 01, 2026 09:57 UTC+1



TradingView

Market Condition

Daily

Consolidation

Weekly

Consolidation

Technical Analysis

Price action has been very well supported just below 1.16, and the near-term bias remains slightly skewed to the upside. Volatility has reduced and the market condition prescribes action that is further sideways, but rangebound. Any weakness is likely to be supported if 1.16 is revisited given the fundamental backdrop. To the upside, there is some resistance at the heavily observed (and traded) 200 day moving average which sits at 1.1680 (this capped Friday's gains last week). A close above the 200 DMA could set up a push to 1.1730, but any gain beyond there this week would seem unlikely.

Upside

1.1680	1.1730	1.1780
Bounces could find resistance here augmented by the 200 DMA.	A more meaningful rally is likely to be faded by the market here.	Major upside resistance level as seen in early May.

Downside

1.1615	1.1576	1.15
Solid technical support seen here.	Far more meaningful technical support lies here.	Major long term technical level could be tested if USD rallies.

Looking Ahead

A look ahead to the key scheduled data releases for the week

EUR

01 Monday	02 Tue	03 Wed	04 Thu	05 Fri
	AM: CPI (inflation)		AM: Lagarde speaks	

USD

01 Monday	02 Tue	03 Wed	04 Thu	05 Fri
PM: ISM Manufacturing PMI	PM: JOLTS Job openings	PM: ADP Non-Farm employment change ISM services PMI		PM: Non-Farm payrolls

PAYMENTS