



EUR/USD

Weekly FX Report

Fundamental Analysis

Recent developments

EUR/USD traded softer during the week, predominantly driven by a stronger dollar, which has continued to find its footing, particularly after the recent Fed minutes showed a split within the committee with regards to appropriate rate policy. Media speculation last week that ECB chief Lagarde may leave her role early fed some euro weakness, although her term ends in October 2027 and she has since reassured colleagues she has no intention to step down soon. Any US/Iran developments and tariff fall out will remain drivers of volatility this week.



‘Solid German economic data helps support positive long-term euro sentiment’

Eurozone PMI data on Friday were very solid, helping to arrest the EUR/USD decline across the week. Germany beat forecasts across both manufacturing and services, bolstering the more positive expectations surrounding the German economy this year, after last year’s fiscal reforms. This morning’s German business climate data beat expectations at 88.6 versus forecast of 88.4. Lagarde speaks twice this week, although this is unlikely to yield any fresh perspectives on appropriate rate policy.

Dollar drivers remain nuanced as tariff developments return

Friday finally saw the Supreme Court declare IEEPA tariffs unlawful, which has been met with Trump ramping up global tariffs to 15% under section 122, which can hold for 150 days (after which congressional approval is required). This has caused some risk off/dollar weakness to begin the week. Trump has ramped up his ultimatum to Iran over its nuclear programme, allowing markets to perceive an increased likelihood of military action. In this context, the dollar has rallied a touch alongside a move higher in oil (the strait of Hormuz facilitates 20% of seaborne oil transportation). We simply do not know if Trump will escalate further, but the risk of such escalation should keep the dollar, oil and safe havens such as Gold in a more volatile state. On balance, the expectation is higher for military action than for a successful negotiation. Interestingly, an algorithm focused on Bloomberg news headlines with regards to Fed language suggests communicate is at it’s most hawkish for over a year, which should help to keep the dollar supported outside of current headline driven volatility.

EUR/USD Daily Chart

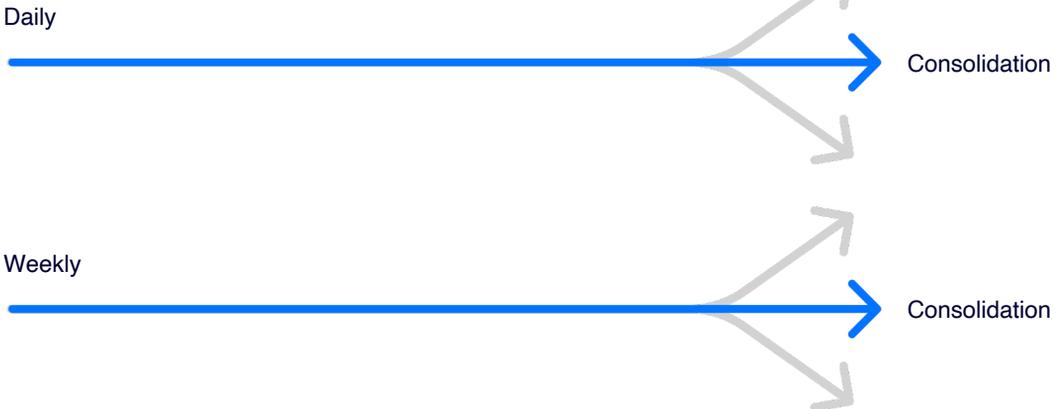
IFX Payments created with TradingView.com, Feb 23, 2026 10:01 UTC

Euro / U.S. Dollar - 1D - FXCM O1.17924 H1.18346 L1.17883 C1.18006 +0.00231 (+0.20%)



TradingView

Market Condition



Technical Analysis

EUR/USD remains in a short-term consolidation, having failed to forge a new momentum high in early February. 1.1918 remains a solid upside resistance. Last week did see the major support level of 1.1780 breached to the downside, but this did not manifest in further downside pressure as we might have expected. A period of rangebound price action now looks the most likely outcome, but with a longer-term bias to the upside. Price action will need to close above 1.1825 to elicit further upside price action from technical standpoint

Upside

1.1825

Momentum high during 2025 is a short-term resistance level.

1.1918

The September 2025 high has remained an upside cap on rallies.

1.2012

Upside failed at this big level during recent move higher.

Downside

1.1780

This is the nearest technical support below spot price action.

1.1730

Technical support here expected should 1.1780 be breached.

1.1669

A test of this level is possible if USD recovers.

Looking Ahead

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

EUR

23 Mon AM: German business climate	24 Tue	25 Wed AM: German final GDP	26 Thu AM: Lagarde speaks	27 Fri AM: German inflation
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USD

23 Mon PM: Waller speaks	24 Tue	25 Wed PM: Trump speaks	26 Thu PM: Unemployment claims	27 Fri PM: PPI
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