



# EUR/USD

Weekly FX Report

## Fundamental Analysis

### Recent developments

EUR/USD weathered a choppy week, absorbing a shift in rate policy expectations, and buffeted by conflicting crosswinds driving the dollar. Whilst the ECB left rates unchanged as expected, the rhetoric from the meeting was of course hawkish, driven by Oil/Iran dynamics. The dollar is caught between relative safe-haven strength, offset by a less hawkish rate outlook. Wider market sentiment remains very much on edge, with markets awaiting either some kind of Strait of Hormuz resolution, or a further military escalation if recent Trump enforced deadlines are not met.

**‘Expectations for than half a percent of rate hikes by July may be an overreaction by markets’**

ECB inflation projections were revised higher by 0.7% with headline inflation expected to reach 2.6% this year. Prolonged energy disruptions could see headline inflation rise above 4%. However, growth risks remain skewed to the downside. Market pricing of over 0.5% of rate hikes by July *may look like an over-reaction*, but we simply do not know the extent and duration of this energy shock. This week, Tuesday’s manufacturing and services PMI data will feed near term sentiment, alongside Lagarde speaking on Wednesday.

### Dollar caught between safe-haven flow vs less hawkish policy outlook

As we know, the middle east situation is likely to get worse before it gets better. FX does not operate in a vacuum – volatility across equities, commodities and bond yields are all having an impact. As discussed, a significant shift in rate hike expectations were a focus for sterling and the euro last week, but a big shift toward rate hikes from the Fed *has not* been seen. Absolutely key to this is the fact that the Fed has a **‘dual mandate’** of aiming for 2% inflation *and* maximum employment, whereas other central banks have a predominantly inflation-based mandate. This means that the Fed may not just hike rates based on inflation, if the labour market remains weak. One more poor Non-Farm payrolls number could put them under pressure to cut rates. Near term, with equities starting to trade weaker, and some clear downside risks, it is hard to become too bearish toward the dollar. But we cannot discount the fact that any positive development regarding the Strait of Hormuz could spark a sharp short-term rally. This would see a commensurate weaker dollar. For sure, volatility is not going anywhere!

# EUR/USD Daily Chart

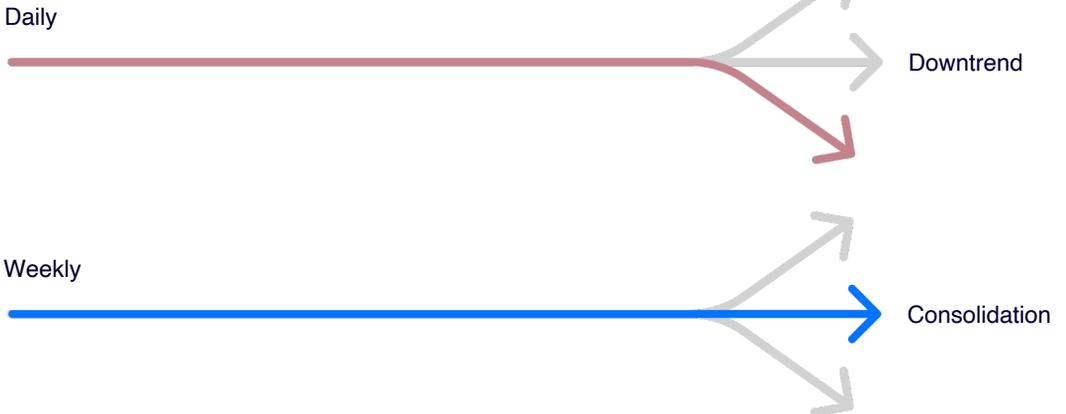
IFX Payments created with TradingView.com, Mar 23, 2026 09:08 UTC

Euro / U.S. Dollar - 1D - FXCM O1:15351 H1:15646 L1:15204 C1:15237 -0.00467 (-0.40%)



TradingView

## Market Condition



## Technical Analysis

EUR/USD remains in the downtrend condition. Last weeks' short-term counter-trend rally failed at our 1.1615 level. For the downtrend to remain intact, it is incumbent on price action to make a new momentum low below the 1.1410 low made on 13<sup>th</sup> March. Should price action fail to make a new low, the case for a sideways, choppy rangebound market between 1.14 and 1.1650 increases. To the upside, we cannot become constructive unless and until price can **close above the 1.1670 level**, which would also constitute a trade back above the 200 DMA.

### Upside

1.1615

—  
Clear near-term resistance here as seen last week.

1.1669

—  
Expect solid upside resistance here, but bullish if broken to upside.

1.1730

—  
The next technical target if 1.1669 is broken to upside.

### Downside

1.15

—  
Light technical support expected here.

1.1390

—  
August 2025 low is a key tech support level.

1.1265

—  
Longer term downside risk lies in a move to this area.

# Looking Ahead

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

## EUR

<b>23</b> Monday	<b>24</b> Tue AM: Manufacturing & services PMI	<b>25</b> Wed AM: Lagarde speaks	<b>26</b> Thu	<b>27</b> Fri
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## USD

<b>23</b> Monday	<b>24</b> Tue PM: Manufacturing & services PMI	<b>25</b> Wed	<b>26</b> Thu PM: Unemployment claims	<b>27</b> Fri
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