



EUR/USD

Weekly FX Report

Fundamental Analysis

Recent developments

EUR/USD consolidated last week, with a transient rally meeting strong technical resistance at the 1.1780 level. As markets expected, the ECB held rates steady, but the general tone of the meeting was quite hawkish leaving a June rate hike on the table. Some ECB members, including Nagel, suggested more data (inflation effects etc.) should be far clearer by the next meeting. Middle East developments keep the dollar broadly supported, as Friday's Non-Farm payrolls (NFP) will help drive dollar direction into the weekend.



‘ECB waits for June meeting to assess inbound data prior to next rate decision’

A European inflation survey last week jumped to 4%, an example of the kind of data the ECB will need to monitor, alongside second round effects on wages, prices and expectations. The euro appears to be held back by economic growth concerns, outweighing the potentially supportive implications of rate hikes as stagflation fears take hold. Much of constructive narrative toward the euro coming into 2026 was predicated on growth – this narrative has ebbed away somewhat. There is no significant eurozone data this week, leaving the dollar the driver of price action.

Middle east developments and US employment data in focus

Last weeks' FOMC meeting yielded the as expected rate hold, but the vote split contained three dissenters leaning *against* an easing bias, advocating a more neutral policy bias. Rates markets now price for 12 basis points of hikes by March 2027 (from 9 bp of cuts) but effectively the Fed messaging was 'we are on hold for the long term'. Looking more broadly, the USD often remains supported during bouts of 'risk off', when equities sell off. Renewed tensions in the middle east, where reports that Iran have fired missiles at US naval vessels, has prompted Oil to push higher this morning, but US equity indices remain sanguine (partly owing to strong earnings from big tech last week). If equities do eventually have a healthy setback, this should drive some general dollar support. This week, ISM services PMI is of note, but Friday's Non-Farm payrolls (NFP) is the main release, with the median estimate from economists expecting 62,000 jobs added in April, down from 178,000 in the prior month.

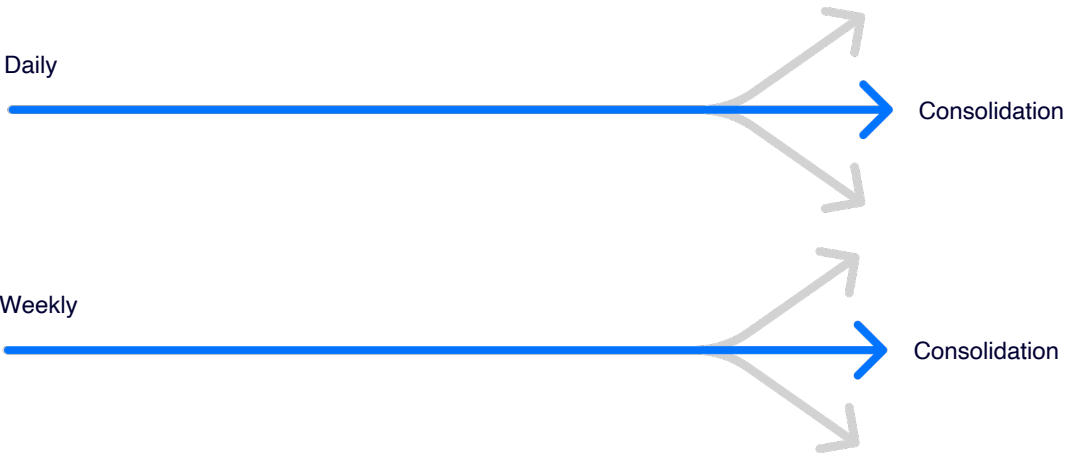
EUR/USD Daily Chart

IFX Payments created with TradingView.com, May 05, 2026 09:33 UTC+1



TradingView

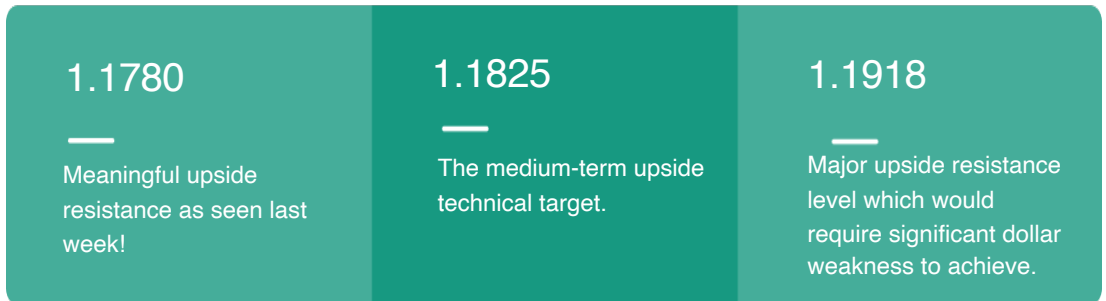
Market Condition



Technical Analysis

The mid week EUR/USD rally pushed us to a key level we have highlighted in recent commentary – the 1.1780. While this remains a clear upside barrier, there also remains strong technical support at the 1.1669 level which also coincides with the heavily monitored 200 Day moving average (shown in the chart on the previous page). Technically, a close below the 200 DMA may lead to some downside follow through to perhaps test the 1.1615 level. Current price action suggests a rangebound condition this week unless fundamental developments can prompt a break out of the recent 1.1669 to 1.1780 range.

Upside



Downside



Looking Ahead

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

EUR

04 Monday	05 Tue	06 Wed AM: German Factory orders	07 Thu	08 Fri AM: Lagarde speaks
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USD

04 Monday	05 Tue PM: ISM Services PMI JOLTS job openings	06 Wed PM: ADP NFP	07 Thu	08 Fri PM: Non-Farm Payrolls
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