WEEKLY FX REPORT

EUR/USD

Fundamental Analysis

Recent developments

EUR/USD slumped to the low 1.15 handle last week in the aftermath of incredibly strong US jobs data which increased December rate hike expectations and prompted a sharp rally in the dollar. Eurozone inflation data rose to 3.2%, well above the 2% target and the highest in print in over two years.

The ECB meeting on Thursday is very likely to provide the 0.25% rate hike that markets have fully priced in. While the hike itself won't surprise the market, the point of interest will be what signals the ECB provide toward the likelihood of further hikes. And how quickly they might arrive.

> **'Lagarde's press conference, and whether she signals a further rate hike in July, is the key point of interest this week'**

The market currently only has around 8 basis points of hikes priced for the *July* ECB meeting, although 25 basis points between now and the end of September means another hike is priced. The question is whether a July hikes *reduces* the likelihood of a September hike, or whether a back-to-back June and July hike is possible. If this week's meeting signals any risk of a June and July 'back to back' double whammy, then we should expect the euro to garner some support this week. As such Lagarde's press conference is the critical element of Thursday's ECB meeting. Outside of the ECB, the extent to which the market wishes to continue to engage with the recent dollar rally – or fade it – will be key to EUR/USD price action this week.

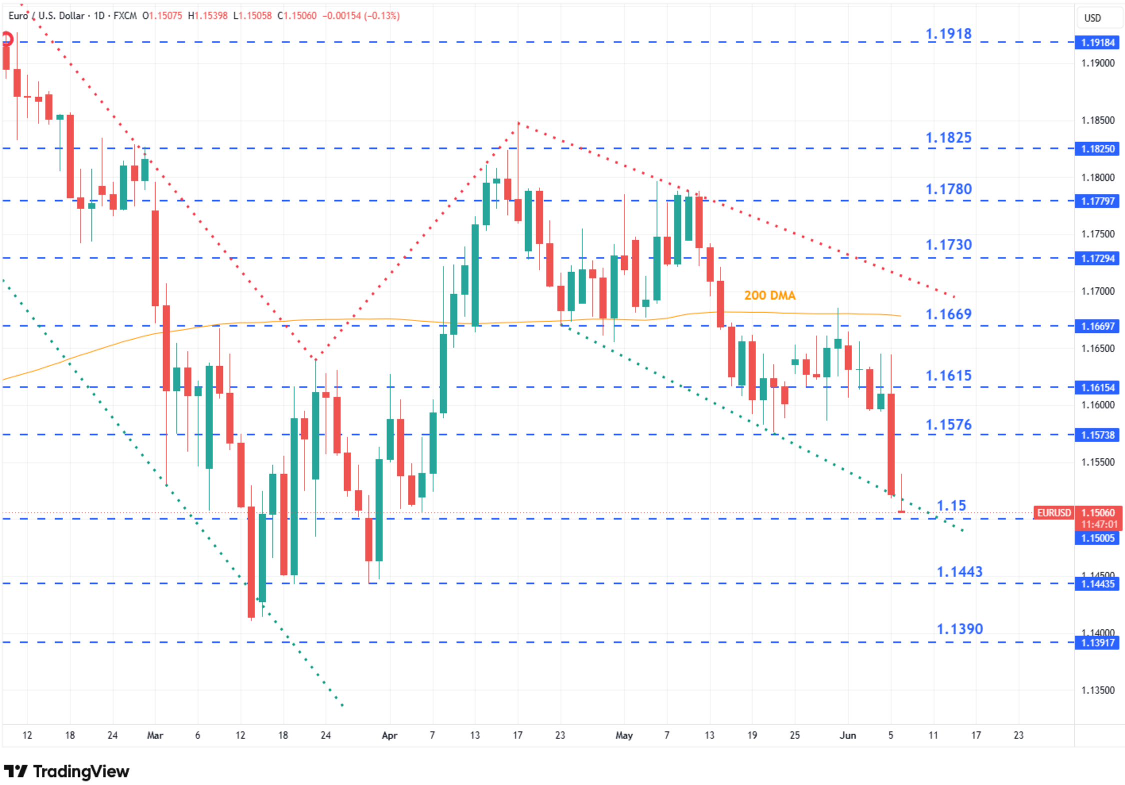
Stellar US jobs data and continued middle east tensions keeps dollar well supported

The US economy remains incredibly robust, and Friday's huge beat in jobs numbers allowed markets to assume a rate hike in Q4 is highly likely. The more stubborn long term inflation trajectory got a further boost over the weekend after Iran launched missile attacks against Israel for the first time since late April. Retaliatory strikes underscore the lack of progress towards an *enduring* peace deal – an environment which raises the risk of further oil price gains, and dollar support.

Markets may try to fade the large move from Friday, particularly in US equities where investors are desperate to find opportunities to 'buy the dip'. This could see dollar gains moderate somewhat, which is certainly the tone being set to begin the week. US CPI (inflation) is, however, likely to be elevated, at >4%, (and a likely peak for the year) which may mean a fade of dollar strength won't get too far. Focus will begin to shift toward new Fed Chairman Warsh's first FOMC meeting on June 17th as we close out the week.

EUR/USD Daily Chart

IFX Payments created with TradingView.com, Jun 08, 2026 10:12 UTC+1



Market Condition

Daily
Downtrend

Weekly
Downtrend

Technical Analysis

FX volatility had been very subdued throughout May. Friday's strong jobs data has reignited some near–term volatility and a meaningful one day move for the dollar. EUR/USD is trending lower, with price action now residing below the 200 DMA and forging new momentum lows.

Price action is testing the big 1.15 level which may offer some nearby support, but if the market closes below this level for a day or two, there is risk of a further move to 1.1443 and the longer-term support level of 1.1390. Price action should remain within 1.1443 and 1.1615 throughout the week unless fundamentals materially shift the market.

Upside

1.1576

The first upside resistance level above where spot trades.

1.1680

The 200 DMA sits here and will likely cap rallies.

1.1730

Trendline resistance and technical levels here will offer significant resistance.

Downside

1.15

Long-term technical support here which may offer intra-day technical support.

1.1443

Support evident here in March. Will be used as a reference point.

1.1390

Big technical support level from August 2025.

Looking Ahead

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

EUR

08 Monday	09 Tue	10 Wed	11 Thu	12 Fri
			PM: ECB meeting	

USD

08 Monday	09 Tue	10 Wed	11 Thu	12 Fri
		PM: CPI m/m	PM: PPI	PM: Consumer sentiment

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