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Daily FX Report

EUR / USD

The EUR/USD currency pair is currently experiencing fluctuations influenced by both economic and political factors. The euro has shown resilience against the US dollar, despite political instability in France and Germany, which could impact the eurozone's economic stability.

The US nonfarm payrolls report exceeded expectations, increasing the likelihood of a Federal Reserve rate cut in December, which could weaken the dollar and support the euro. However, the euro's gains are tempered by the European Central Bank's anticipated rate cut, as the eurozone grapples with sluggish economic growth and manufacturing contractions.

Technical analysis indicates that the EUR/USD is testing resistance levels around 1.0646, with support at 1.0509 and 1.0474. The ECB's upcoming meeting and further US economic data releases will be crucial in determining the pair's direction. Overall, the EUR/USD pair remains sensitive to upcoming economic releases and central bank policy decisions.

USD / JPY

The USD/JPY currency pair is currently influenced by US economic data and Japanese monetary policy expectations, with a strong correlation to US Treasury yields. Recent technical analysis indicates bearish momentum as the pair hovers around the 150 level, suggesting a potential breakout.

The upcoming US Consumer Price Index (CPI) report could significantly impact Federal Reserve rate expectations, affecting the USD/JPY pair. Speculation about a possible Bank of Japan rate hike in December has intensified, despite Japan's GDP contraction in Q3 2024. Diverging views within the BoJ regarding inflation sustainability add uncertainty to the rate hike outlook.

The pair has experienced a slight decline recently, trading below key moving averages, indicating potential resistance levels. The interplay between Japanese and US economic indicators will likely determine the near-term trajectory of the USD/JPY pair.

GBP / USD

The GBP/USD currency pair has been influenced by strong UK economic data, such as the robust UK Construction PMI and a rise in the Halifax House Price Index, which have supported the pound. However, the U.S. Dollar's strength, driven by a better-than-expected Non-Farm Payrolls report, has exerted downward pressure on the pair.

The GBP/USD recently attempted to break above the 1.2800 level but faced resistance, leading to a pullback. Currently, the pair is testing support around 1.2700, with potential for further decline if this level is breached. The technical outlook remains bullish if the pair stays above its 50-day and 200-day EMAs.

Traders are watching for upcoming economic events and central bank communications for further guidance.

EUR / CHF

The EUR/CHF currency pair is currently under pressure due to political uncertainty in the Eurozone, particularly from developments in France and Germany, which has increased demand for the Swiss Franc as a safe-haven currency. The European Central Bank's anticipated interest rate cut further contributes to the euro's weakness. Despite these pressures, the Swiss National Bank has not shown signs of aggressive intervention, as the Franc's appreciation has not significantly threatened Switzerland's export-driven economy.

Analysts suggest that the current downward trend in EUR/CHF is more related to short positioning in the Franc rather than safe-haven flows. The pair has been trading below key moving averages, indicating a bearish sentiment, while the RSI remains low, suggesting potential oversold conditions.

A bullish scenario could see the pair breaking above the 0.93283 resistance level, while a bearish scenario might push the price towards the support level around 0.92668. Overall, the EUR/CHF is likely to remain under pressure, driven by the euro's weakness and the Franc's safe-haven appeal.

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