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Daily FX Report

EUR / USD

The EUR/USD currency pair is trading near the 1.0300 level, reflecting a bearish market sentiment influenced by weaker Euro Area Retail Sales data. Immediate resistance is noted at 1.03231, with further resistance at 1.03716, while support levels are at 1.02219 and 1.01682. The euro has depreciated by 6.11% against the dollar over the past year, driven by economic stagnation and cautious consumer behaviour.

The US dollar's strength is bolstered by robust Treasury yields and the Federal Reserve's cautious rate policy. The upcoming U.S. Non-Farm Payrolls report could further influence the pair's direction, potentially strengthening the dollar. The euro's outlook remains pressured by internal economic factors and its relative performance against the dollar.

Traders should watch for decisive breaks above or below key technical levels, as these could indicate shifts in market sentiment.

USD / JPY

The USD/JPY currency pair is currently in a positive trend, supported by the strength of the US dollar, which is buoyed by hawkish signals from the US Federal Reserve. Despite a recent pullback, the pair is trading below 158.00, with technical analysis indicating a consolidation range around 157.33 and potential upward movement targeting 158.63. The yen is under pressure due to Japan's domestic economic challenges, including declining real wages and deteriorating consumer sentiment.

The divergence on the 60-minute chart suggests a bearish outlook, with a potential target at the 2.618 Fibonacci level of 156.62. However, the US dollar's safe-haven appeal, enhanced by geopolitical concerns, adds to its strength against the yen. The market is closely monitoring upcoming US economic data, such as the non-farm payrolls report, which could influence the pair's direction.

Overall, the USD/JPY outlook remains bullish, with the dollar's strength likely to persist amid ongoing global uncertainties.

GBP / USD

The GBP/USD currency pair is currently experiencing bearish momentum, with the pound trading at its lowest levels since late 2023. This decline is driven by economic challenges in the UK, including weak consumer spending and persistent inflation pressures. The strong performance of the US dollar, supported by robust Treasury yields and cautious Federal Reserve policies, has further weighed on the pair.

Technical analysis indicates that GBP/USD is trading below key support levels, with immediate support at 1.22533 and further downside targets at 1.21985. The pair is also trading below significant moving averages, including the 20-day, 50-day, and 200-day SMAs, reinforcing the bearish sentiment. The upcoming US Non-Farm Payrolls

report is expected to influence the pair, with stronger data potentially maintaining downward pressure on the pound.

Overall, the outlook for GBP/USD remains bearish in the short term, with potential for further downside if UK economic conditions do not improve.

EUR / CHF

The EUR/CHF currency pair is currently under pressure due to the Swiss franc's strength, driven by its safe-haven status amid global uncertainties. The potential for a Swiss National Bank (SNB) rate cut in March could weaken the franc, possibly leading to a rise in the EUR/CHF rate. However, the eurozone's economic stagnation and the European Central Bank's rate-cutting cycle contribute to euro weakness against the franc.

The pair has recently experienced a slight decline, with low volatility and a narrow trading range. The current price is near key resistance levels, with the 30-day rolling VWAP and 20-day SMA at 0.94 acting as immediate barriers. A bullish scenario could see the pair breaking above the 0.9434 resistance level, while a bearish scenario might involve a drop towards the support level at 0.9309.

Risk warning

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