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DAILY FX REPORT

FX Slips as Dollar Gains Strength

EUR / USD

EURUSD weakened following today's dollar strength, which was brought on by positive housing data in the US. The pair dipped below the 1.09 mark. Recent price action shows the pair struggling to maintain levels above 1.0900, having retreated from its year-to-date peak of 1.0954. The technical analysis reveals crucial support levels around 1.082, with heavy trading volume suggesting significant institutional activity at these levels, while the pair maintains a position above key technical indicators, including the 200-day moving average at 1.0725.

The currency pair's outlook appears increasingly bearish, influenced by the Federal Reserve's maintained projection of two rate cuts in 2025, while the ECB's policy path remains contingent on trade developments. A potential bearish scenario could unfold if selling pressure intensifies below 1.082, particularly if global risk sentiment deteriorates. The recent Swiss National Bank's surprise rate cut to 0.25% has added another layer of complexity to European currency dynamics, further complicating the euro's near-term prospects.

While the downside risks for the pair are growing, the support at 1.80 is crucial, and we expect markets to struggle below this level today.

USD / JPY

USD/JPY held its nerve yesterday as the pair struggled to breach the 149.00 resistance level. Recent Federal Reserve communications have created uncertainty in the pair's outlook, with the central bank maintaining its projection for rate cuts in 2025 while simultaneously adjusting growth and inflation expectations.

The Bank of Japan's cautious stance regarding global economic uncertainty, particularly concerning trade policies, has added another layer of

complexity to the currency pair's dynamics.
The immediate technical landscape shows key support at 146.75 and resistance at 151.41, with current price action suggesting a bearish bias as long as the pair remains below 149.16. The looming April 2nd deadline for new US tariffs presents a significant risk event that could introduce additional volatility into the pair's trading pattern.

GBP / USD

Despite the BOE keeping interest rates unchanged at 4.50% and emphasising a cautiously dovish approach, the pound weakened against the dollar, struggling to break above the psychological 1.3000 resistance level. The Bank of England maintained a hawkish stance with its 8-1 vote to hold rates while expressing concerns about persistent inflationary pressures. The central bank's warning against expectations of rapid rate cuts, coupled with their forecast of inflation peaking at 3.75% in Q3 2025, suggests a complex monetary policy environment that could impact sterling's performance.

Recent price action shows bearish momentum, with the pair declining from 1.30 to 1.29, encountering strong resistance at the psychological 1.30 level. The currency pair's outlook is further complicated by the Federal Reserve's maintained projection for two rate cuts in 2025, despite downgraded growth forecasts, which has provided underlying support for the dollar.

The pound's future trajectory appears particularly sensitive to both domestic factors, including next week's UK Spring statement and an upcoming employer tax hike in April, as well as broader global concerns such as escalating trade tensions and geopolitical uncertainties that typically favour the dollar's safe-haven status.

Economic Calendar

Currency	Date	Time	Indicator	Period	Survey	Prior
GBP	21/3	00:01	GfK consumer Confidence	Mar	-20	-20
EUR	21/3	15:00	Consumer Confidence	Mar P	-13.0	-13.6

Source: Bloomberg