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DAILY FX REPORT

Muted Macro Flow Leaves FX Technical-Led

EUR / USD

EUR/USD has remained within a tight range in recent days, with the euro weakening toward the 20 SMA at 1.1850 on Monday. The dollar remains moderately well-bid on the back of a strong US labour market and softer inflation, which has delayed the case for Fed rate cuts and provided structural support for the dollar. With US markets closed, however, there was no clear catalyst yesterday to decisively break the range, so markets are relying on technical indicators for direction.

The daily RSI has declined to approximately 54, placing the pair in neutral territory with a slight cooling in momentum. Volume peaked during the early New York session on Monday around 1.1856, in line with typical liquidity patterns, though overall activity was modest. In the broader context, EUR/USD is correcting from its late-January high near 1.2042, having retraced about half of the one-month range and now consolidating in a narrower band above key moving averages.

Our near-term bias is for slight bullish consolidation, as higher lows continue to form. However, a break below 1.1830 would likely trigger a test of the 1.1750–1.1800 zone, while a break above 1.1930 would be positive for the euro and signal that rate-cut expectations are returning, something we do not anticipate this week without a clear macroeconomic bias.

USD / JPY

USD/JPY staged a notable recovery, finding support at 152.50, a January low, and rebounded today on technical factors toward 153.50. This technical bounce took place during the Asian session, with peak volume observed during European hours around 153.35. The pair now trades well below key resistance at the 100-day SMA near 154.74 and the 20-day SMA at 155.16. The daily RSI has climbed from nearly oversold territory, suggesting near-term downside is exhausted. A bullish scenario would see the price build on this recovery to challenge 154.74.

Overall, the carry trade is unwinding as the yen no longer appears to be a one-way short. With BOJ rate hikes expected in 2026, the US–Japan rate gap that has supported dollar strength for years is set to narrow. In addition, Takaichi's election has restored fiscal credibility to Japan, removing structural yen weakness. As a result, technical support at 152.00–152.50 remains crucial, and the near-term bias is neutral to moderately bullish.

GBP / USD

GBP/USD drifted marginally lower over the past three days, falling about 0.18% from around 1.3652 to 1.3627. Price action showed a pronounced negative skew as selling pressure built through Monday's London and New York sessions, driving the pair to its lows near 1.3625.

The pair is currently below the 20-day SMA at 1.3640, yet remains comfortably above 1.3600, with the daily RSI cooling to a neutral 52. If buyers can defend the 1.3625 area and reclaim the 20-day SMA, this would open a path toward the 1.3735 resistance zone. Conversely, a break below the 1.3520 support would suggest accelerating

sterling weakness if the recent consolidation floor fails to hold.

GBP/USD remains stuck in a consolidation band, lacking a clear structural catalyst. UK CPI is the key indicator this week; any acceleration would complicate the BOE's path, as weak growth prospects make it difficult to feel confident about sterling on fundamental grounds. Meanwhile, the US dollar appears more structurally bid, which is capping the pair's upside. Our near-term bias remains slightly downward.

Economic Calendar

Currency	Date	Time	Indicator	Period	Survey	Prior
GBP	17/2	07:00	ILO Unemployment Rate 3Mths	Dec	5.1%	5.1%

Source: Bloomberg

Risk warning

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