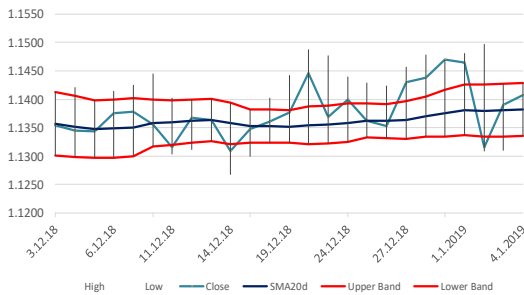


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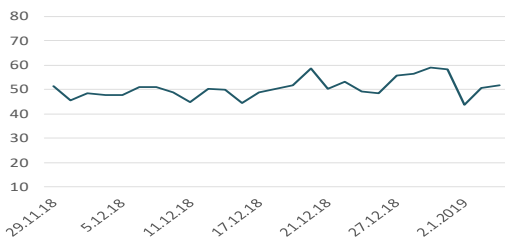
Graph 2: EUR/USD (December – January 4, Candle Bar)



Graph 3: EUR/USD (December – January 4, Bollinger Bands)



Graph 4: EUR/USD (December - January 4, RSI)



Important Note:

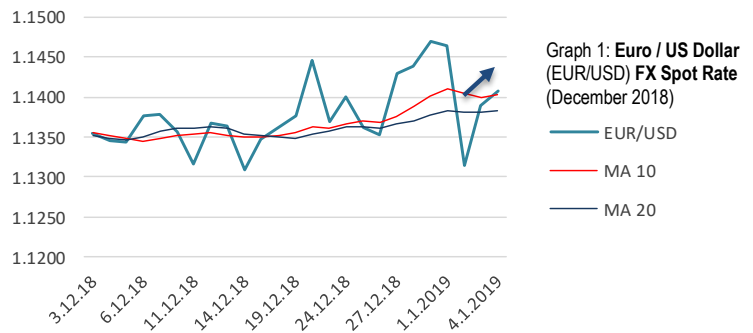
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EUR/USD: 1.1407

[Bloomberg Ticker: EURUSD:CUR] US Dollars per 1 Euro

Graph Analysis and Technical View

According to Graph 1, it seems that there has been a slightly bullish market for the EUR/USD exchange rate. The pair had many day-to-day fluctuations until December 14th when an upward trend was observed and lasted until December 20th. The previous trend was reversed and maintained until December 26th, when the pair experienced again a strong upward trend which lasted until December 31st. Regarding the resistance levels, they seemed to be formed at 1.15 while support levels were formed at 1.13 during that period. Graph 2 provides information about the daily rate fluctuations. It can be seen that there were many differences from day-to-day and that the EUR/USD formed positive candle bars during the last 2 days of the examined period. In the last days, a buy signal could be observed as the price penetrated both the short-term and the mid-term moving average from downside left to upside right. According to Graph 3, the currency's price increased over the 20-day SMA indicating a buy signal. In contrast to the above indications, Relative Strength Index (Graph 4) was in the grey zone indicating a hold signal.



Fundamental Analysis

On December 3rd, U.S. China truce on trade war led the Dollar to a downward trend as investors sought more risky allocations than the "safe haven" of the greenback. Furthermore, Italy's and Commission's potential deal on the budget boosted the Euro. | From December 4th to December 5th the exchange rate remained rather flat but there was high volatility because of yield inversion and better than anticipated data from EU sales. | On December 6th, Huawei's CEO arrest, which sparked an outcry on global markets as trade war fears resurfaced, along with lower than expected US balance of trade and non-farm payrolls, which were released the following day, guided Dollar to fall. | From December 10th to December 11th, the Brexit vote delay caused turmoil and GBP fell into a 20-month low against the dollar taking down with it the Euro. Also, China's decision to cut tariffs on US imported cars helped the dollar to trim the early month losses. Moreover, better than expected economic sentiment index stopped the downward trend of Eurozone's currency. | On December 12th, Italy's budget proposal on Commission had a positive reaction on Euro. | On December 14th, Euro fell sharply after Euro area Purchasing Managers' Index dropped to more than four years low. In addition, new data indicated that ECB, which ended QE the previous day and announced a one-year period of reinvestments, would turn more dovish. | On December 19th, FOMC raised interest rates by 25 basis points and indicated that there would be additional gradual rates hikes in 2019. Markets expected a more dovish statement from FED and the couple past days momentum for euro, which was also driven from Italy's budget deal, was lost. | On December 20th dollar sunk as FED's decision was eventually considered as dovish. | On December 21th, US President's early warning of government shutdown reinvigorated some of the dollar's strength as investors sought safety amid stock market crash on the same day. | On Christmas eve, the single currency followed an upward trend in the wake of US government shutdown and Italy's Senate budget approval. | On December 27th, dollar's previous day upward trend, which was bolstered by US equity rally and a rebound in US bond yields, was reversed as it was reported from ECB Economic Bulletin that internal prospects for euro appeared to be better than ever before. | On December 28th, Germany's annual inflation came out lower than expected which deterred the euro and raised concerns about ECB stimulus policy. | On December 31st to January 1st, euro faced resistance, despite Italian's parliament final budget approval. | On January 2nd, the announcement that euro zone manufacturing activity was barely expanded at the end of 2018 amid a broad-based slowdown, led euro to fall sharply and hit a two-week low. | On January 3rd, the U.S. PMI fell to 54.1 in December, missing market expectations and led to a tepid bounce of the Euro. | On January 4th, Dollar fell sharply as the FED's Chairman, Powell, sounded dovish concerning the future monetary policy.