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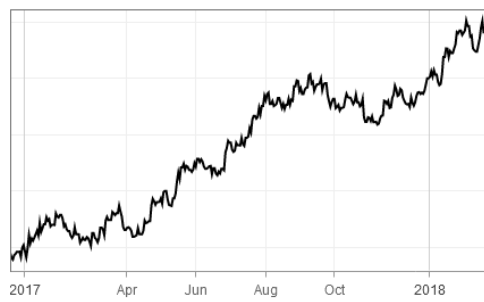
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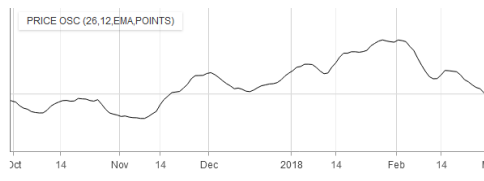
Graph 1: EUR/USD (January 2017 – February 2018)



Graph 3: EUR/USD (October 2017 – February 2018, volume)



Graph 4: Price Oscillator (October 2017 – February 2018)



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EUR/USD: 1.2317

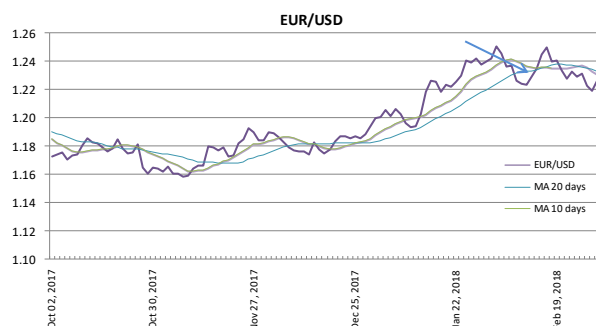
[Bloomberg Ticker: EURUSD:CUR]

US Dollars per 1 Euro

Graph Analysis and Technical View

From the graph 1, it seems that 2017 was a bull market for the EUR/USD exchange rate. During the examined period, from October 2017 to nowadays, there were two secondary movements. More specifically, the exchange rate deteriorated slightly from almost 1.18 to 1.16 during the first two months. The second movement was an upward trend which lasted from early November to recent days and the exchange rate peaked at 1.25. Meanwhile, during an approximately ten-day period (29 November – 11 December) there was a minor decline which could be explained as a corrective movement after the trend's switch. A similar movement noticed during the first 8 days of February. Regarding the resistance levels they seemed to be formed at 1.25. However, support levels seemed to be dynamic as they changed during the examined period. In particular, the support levels increased which in turn was a buy signal. According to the graph 2, this signal was boosted as both the short-term and the mid-term moving averages were penetrated by the prices from down and left to top and right. Furthermore, this signal was accompanied by increased volume as it is expected in a bull market. Lastly, the price oscillator's positive prices also boosted the buy signal.

Graph 2: Euro / US Dollar (EUR/USD) FX Spot Rate (since October 2017)



Apart from some weeks in September and October, the EUR/USD rate followed, during the months examined, the general upward trend it had already followed in 2017. From a fundamental point, this rebound in the euro can be mainly attributed to growth picking up again in the Euro zone. The GDP measure published by the ECB in January marked a 2.4% increase in production, the biggest one seen in 10 years in the Euro zone. At the same time, unemployment was falling and fears of a Union break up were at an all time low since the crisis erupted in 2008. On October 26, Draghi announced that the ECB asset purchases will fall from 60 billion euro per month to 30 billion euro, starting from January 2018, until September 2018. However, investors (Euro bulls) were rather disappointed at his statement that "QE could be further extended after September, should it prove necessary", hence the slight drop in the exchange rate occurred. To add up to that, US GDP data came in that week stronger than expected which also increased the chance of a FED rate hike in December and reinforced Dollar support. In early November, US interest rates hike was confirmed, however Fed members appeared uncertain about 2018 rate hikes in the FOMC minutes released due to weak inflation, still sitting at below Fed 2% target. On December 11, Brexit deal broke over the Irish border dispute, which in combination with stronger than expected US NFP data, resulted in the euro sliding further down. On January 11, ECB minutes were released revealing discussions made on an impending communication shift, implying forward guidance in the foreseeable future. This made Euro bulls more confident that QE will drop after September 2018, resulting in a Euro surge. On January 23, Steve Munchin's comments on abandoning the strong dollar, although quickly took back by Trump, damaged the US currency. At the same time, Merkel stroke a deal on a coalition agreement that ensured the continuation of her policies, thus alleviating some uncertainty off the euro. Meanwhile, weak US inflation raises concerns on whether more rate hikes will follow in 2018, as consumer prices fell for the first time in more than a year in December. As for January 31, ECB board members appeared increasingly nervous about the stronger euro, with some members even discussing a potential QE extension (a short tapering period before completely terminating the program) after September 2018, especially given that ECB inflation forecasts for 2018 and 2019 are below the 2% target, at 1.2% and 1.5% respectively. All remains to be seen in the coming months.

During the first couple of weeks in February, there were no significant changes in fundamental factors and movements were of mainly technical nature. During the third week of February, reading minutes from Fed's January meeting were released. The hawkish tone of the notes supported by upward corrections to economic projections and Powell's congressional testimony on February 27th, led investors to believe that four Fed rate hikes will occur in 2018. Thus, in the weeks leading up to March, the euro has struggled to keep up with investors buying large quantities of dollars.