

Forecast

Day	Flat
Week	Down
Month	Flat
1 Year +	Up

Okan Aybar
@okanaybar
aybar@anatoliacapital.com
+90 532 354 5938

EURUSD May Remain Under Pressure in the Short Term

- While the ZEW economic activity expectations index (Chart 1, orange line) announced from Europe has declined in recent months, NFIB Small Business Optimism index (Chart 1, green line) announced from the US has been on an upward trend.
- In the same period, the difference in the breakeven rate of the 2-10 year maturity spread between Europe and the US (Chart 1, blue line) indicates that Europe's deflationary risks may have increased more than the US in the short term, as the 2-year to 10-year inflation breakeven rate in Europe has fallen compared to the US.
- Considering that the Euro long positions shown with the blue line in Chart 2 have switched from long to short selling and this process continues, the pressure on the Euro will likely continue.
- From a longer-term perspective, the trade war between the US and China after Trump's election will positively impact the US foreign trade balance, but this will increase the risk of inflation so that the Dollar may remain under pressure in the long term.

Conclusion: In the short term, you can expect the Euro to remain under pressure against the Dollar and short-term rallies at intervals when technical supports are not breached.

Chart #1

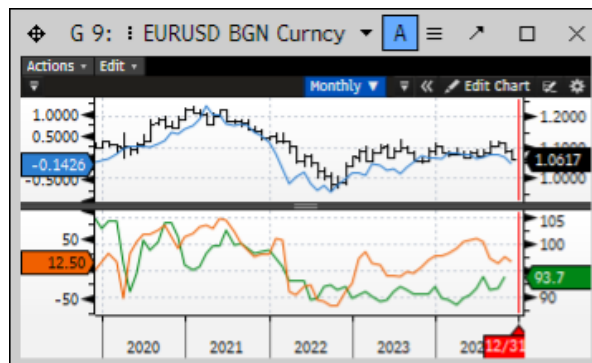


Chart #2

