

DON'T EXPECT THE EURO TO FLY ANY TIME SOON

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"In this business, if you're good, you're right six times out of ten. You're never going to be right nine times out of ten." - Peter Lynch

The news...

The Single currency is down for the fourth consecutive sessions and is currently sitting on the fence near previous low of \$1.0770 printed on 6th of April ahead of the European leaders conference call meeting due today, while poor Euroland data weighed heavily on the currency this Thursday.

Indeed, Manufacturing and Services PMI in France, Italy and Germany came below expectations for the month of March as all economic activity grounded to a halt, reflecting the continuation of the COVID-19 crisis and the initial effects of the lockdown in European economies.

Later in this session, the European leader are due to hold a video summit over how to tackle the economic fallout of the crisis and with the probability of further stimulus on top of the agenda. This summit could potential sow the seeds for further disagreement in the "Old continent" as France, Italy, Spain, and several other southern countries have called for issuing common European bonds – dubbed "corona bonds" – while the northern camps like the Netherlands and Germany opposed to it. Earlier, German chancellor Angela Merkel said calls from some EU countries for common debt with common liabilities were not the right way to go.

Technical outlook- **Don't expect the EUR/USD to fly any time soon!!**

The Ending Diagonal pattern highlighted last week- "**EUR/USD losing grip, Ending Diagonal pattern signaling strong reversal!**" was right on track!, with EUR/USD struggling hard to recover and nailing tightly to \$1.0800, the previous days' range.

On the hourly chart, the dip to a new monthly lows near \$1.0750 today and the Leading Diagonal pattern unfolding early this week suggest that the EUR/USD is technically looking bearish and could potentially prolong its decline to as low as \$1.0391(wave (3) projection of an impulsive decline) in the coming months.

On the Flip side, the downward pressure is expected to ebb on a break of recent high at \$1.0900 followed by \$1.0990.



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