

## **EUR/USD Outlook – Bias to the downside towards \$1.1514 followed by \$1.1363.**

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### ***What we already know!!!***

As of writing, the U.S. dollar is on fire against the majors, after U.S. President Donald Trump called off negotiations with Democratic lawmakers on a coronavirus relief stimulus package, until after the November 3 election. Trump accused House of Representatives Speaker Nancy Pelosi of not negotiating in good faith on coronavirus relief- *Reuters*.

After a fleeting rise on Tuesday to an 11-sessions high at \$1.1807, the EUR/USD sped up its retreat back below \$1.1750 in the wake of Trump's comment on stimulus talks.

Earlier, U.S. Federal Chairman Jerome Powell had warned that the U.S. economic recovery remained at risk if Congress do not act soon on a stimulus package. While in an interview with the Wall Street Journal, European Central Bank (ECB) President Christine Lagarde made some dovish comments on the EU economic recovery, saying that the recovery is incomplete and uncertain, leaving the door open for further stimulus in the Eurozone.

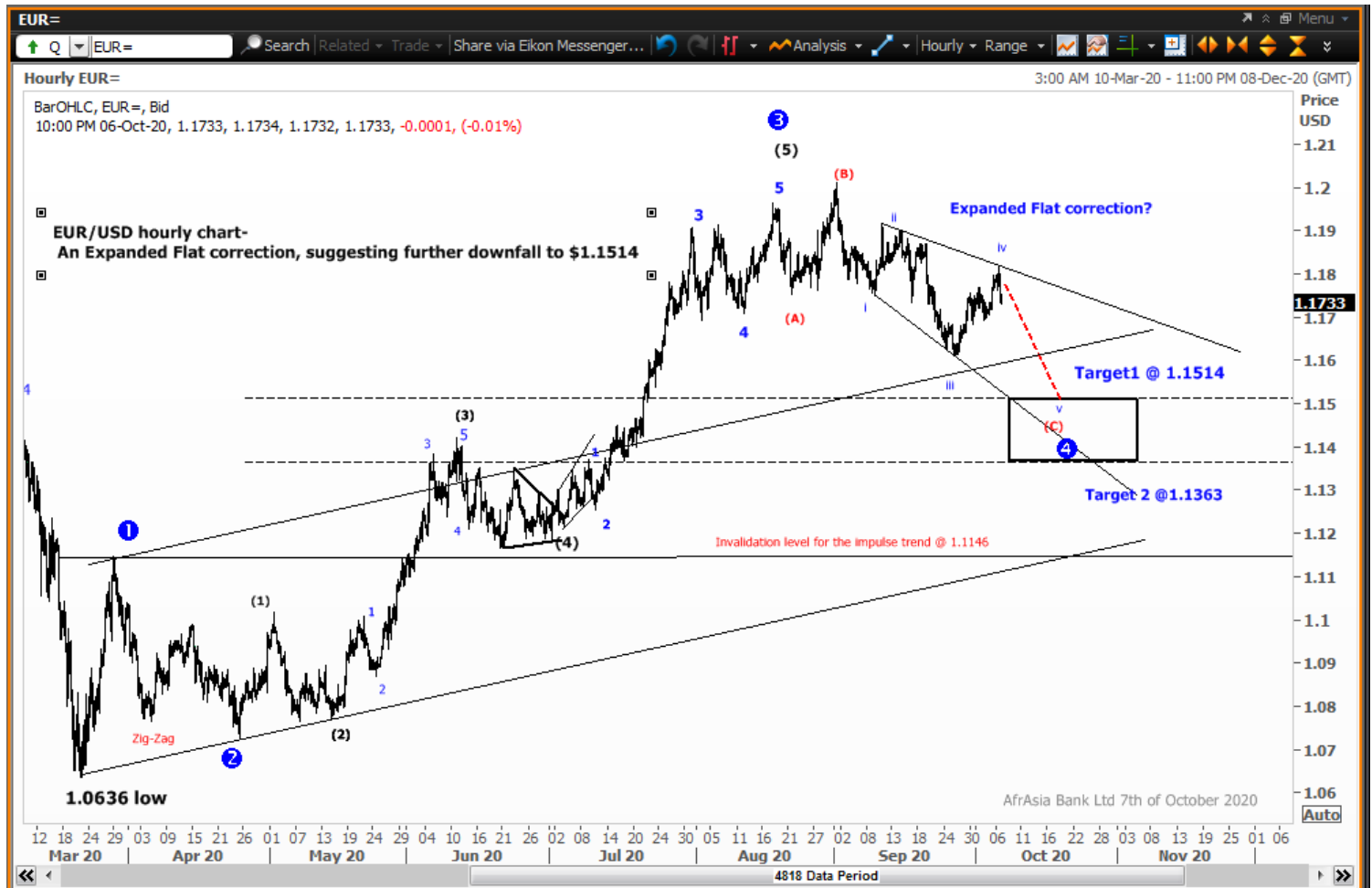
Also on Tuesday, ECB's President Christine Lagarde said a second wave of the coronavirus pandemic risks delaying the euro zone's rebound, killing EURO's follow-through.

On the data front German industrial orders rose more than expected in August. As for the U.S., the country published the August Trade Balance, which posted a deficit of \$67.1B, worse than the expected \$-66.1B, while in the U.S. the FOMC will release the Minutes of its latest meeting later today.

**EUR/USD technical outlook for the next 1-3 weeks - Bias to the downside towards \$1.1514 followed by \$1.1363.**

On an Elliott wave perspective, the On-going Expanded flat structure coupled with an Expanded Diagonal in wave V of Wave C of wave 4 suggest further headache for the EUR/USD in the coming weeks. We expect to see a run to the downside towards the 38.2% fibo level around **\$1.1514** followed by **\$1.1363**(50% fibo). A break below the invalidation level of **\$1.1146** at wave 1 would head firmly towards **\$1.0800**.

On the upside, the pair would need to run past \$1.1807 to become more attractive for the bulls.



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