Euro beguiled the bull post-FED and BOE hawkish tilts and cautious ECB last week.

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"*Remember this December, that love weighs more than gold.*" *– Josephine Daskam Bacon.*

After climbing to its highest level in more than two weeks at $1.1360 last Thursday, the Single currency surprisingly fizzled out against the U.S dollar to $1.1210 in late trading on Friday. The decline in the euro happened in the wake of more hawkish tilts than markets had expected from the U.S. Federal Reserve (FED) and Bank of England (BOE). Meanwhile, the European Central Bank (ECB) cut stimulus but maintained support to the Euro Zone.

On Thursday, the ECB kept interest on hold at -0.50% and announced the end of its Pandemic Emergency Purchase Programme (PEPP) scheme in March 2022. To avoid a cliff-edge drop off in net bond purchases at the start of Q2, the ECB announced that the pace of monthly purchases under its pre-pandemic Q.E. scheme called the Asset Purchase Programme (APP) would be upped to EUR 40B in Q2, and EUR 30B in Q3 from current levels of EUR 20B.
In a news conference on Thursday, ECB President Christine Lagarde said that the global supply chain snags that emerged as demand took off after the lockdowns of 202 were already holding the recovery back and would persist well into 2022. She also emphasised that the pandemics was again depressing spending in the eurozone and threatened growth.

The BOE spooked most market participants to become the first G-7 economy to hike rates on Thursday since the onset of the pandemics. Indeed, the BOE policymakers voted 8-1 to raise the benchmark bank rate to 0.25% from 0.1%. The Old Lady said that "modest" tightening would probably be needed, as they expect inflation to peak at 6% by April of 2022. However, the BoE's decision came amid a COVID-19 outbreak with cases in the U.K. as of December 19, topping around 82,886 new cases as the Omicron variant spread worldwide continues.

The FED, by contrast, committed last Wednesday to end its pandemics bond-buying by March 2022 and laid out an accelerated timetable for interest increases. It seems that the Fed would start hiking rates in Q2 next year with potentially three hikes until December 2022.
Fed Chair Jerome Powell said the United States was heading in 2022 towards solid growth and full employment, and the Fed needed to treat inflation as the more pressing risk.

Technical outlook- EUR/USD could be in the final stage of a Double Zig-Zag (W-X-Y) correction.

On the EUR/USD hourly chart below, at the close on November 30 2021, it looks that the rally that started on November 24 2021, from $1.1183 to $1.1382 on November 30, almost 200 pips, was a clear five wave structure (1-2-3-4-5) in wave (A) or wave (1). Upon closer examination of the decline from December 1 2021, each wave within this sell-off subdivided in a corrective structure.

In an Elliott Wave perspective, the EUR/USD could appear to be tracing out a Double Zig-Zag correction, consisting of an **a-b-c zig-zag** for wave **W**, and **a-b-c flat** for wave **X** and an **a-b-c zig-zag** for wave **Y**, with wave **c** of wave **Y**, may be nearing completion.

This corrective pattern argued that the larger uptrend that started on November 24 2021 could be still up in the EUR/USD pair and that the end of November 2021 advance would persist beyond the high of $1.1382 printed on November 30 2021.

The upside objective for the possible price advance could be at $1.1405, the level at which potential wave **(C)** would equal Wave **(A)** followed by $1.1529, where wave **(3)** would equal a 1.618 multiple of wave **(1)**.

On the flip side, a break below the support situated at $1.1183 would invalidate the whole bullish structure.