IFX PAYMENTS

WEEKLY FX REPORT

# EUR/USD

# Fundamental Analysis

Recent developments

EUR/USD staged a counter-trend bounce last week, exclusively based on a softer dollar into Thanksgiving and a bad miss in the key US employment data, which showed just 57K jobs added in the month (forecast of +113K).

The week was littered with central bank speakers at the Sintra forum. ECB's Lagarde defended the decision to hike in June and opined on rate policy going forward, stating they were monitoring second-round inflation effects, much like Bailey and the BoE.

> ‘Lagarde remains non-committal to rate hikes’

The market is less confident of an ECB hike in July now, which has contributed to recent weakness. One further hike looks possible in September, but if recent oil price declines continue and second-round inflation effects do not materialise, this could also be at risk. Lagarde herself stated "I honestly don't know if we will tighten again" last week. If the tightening bias ebbs away and eurozone growth remains subdued, our view is that the euro would remain quite rangebound in coming weeks, with a modest downside bias. Softer eurozone inflation data last week reinforces this view.

## Weak NFP data pauses dollar rally, but uptrend remains intact for now

The dollar had already given up some gains into the Thanksgiving holiday in the US last week. Thursday's Non-Farm Payrolls (NFP) badly missed the median forecast of 113K jobs added for the month, coming in at just 57K. This expedited a weaker dollar and allowed market pricing to reduce the chance of a July rate hike to just 20%. Given the market had got long dollars in recent weeks, fuelled by the hawkish tone of Warsh's first Fed meeting, the dollar weakness made complete sense. Focus early this week will remain on the extent to which the dollar weakness can extend.

That said, we should stress that Warsh's primary focus is on bringing inflation back to target, as, despite last week's softer data, the labour market has been strong. In general, markets are pricing 0.3% of hikes for this year; any fading of this hawkish pricing could leave the dollar at risk of some weakness, especially as positioning has been loaded to the long side of late. This week, Services PMI is a key data release, and Wednesday's minutes from the last FOMC will provide some further clarity on recent Fed members' views on appropriate rate policy.

# EUR/USD Daily Chart

IFX Payments created with TradingView.com, Jul 06, 2026 07:50 UTC+1


## Market Condition

### Daily
Downtrend

### Weekly
Downtrend

# Technical Analysis

EUR/USD remains in a technical downtrend. Last weeks' bounce is, for now, nothing more than a retracement in the downtrend. Focus now should be on whether a new momentum low can be made. With a light data schedule this week, we would expect a rangebound week of price action, likely within the 1.15 to 1.13 range.

Should price action be unable to make new lows, the focus would lie in whether the trendline resistance can be broken to the upside, and for the 1.15 level to be regained. Only then could we begin to take a more constructive view on price action in this pair.

## Upside

**1.1443**

The first upside resistance above where spot trades.

**1.15**

Expect significant upside resistance here, but bullish if broken to upside.

**1.1576**

Rallying above this level difficult to achieve under current fundamentals.

## Downside

**1.1390**

Clear downside support here as seen last week.

**1.1324**

The June momentum low is likely to provide some near-term support.

**1.1265**

Bigger EUR/USD sell off could test this level.

# Looking Ahead

A look ahead to the key scheduled data releases for the week

## EUR

| 06 Monday | 07 Tue | 08 Wed | 09 Thu | 10 Fri |
|---|---|---|---|---|
| | AM: German industrial production | PM: Nagel speaks | | |

## USD

| 06 Monday | 07 Tue | 08 Wed | 09 Thu | 10 Fri |
|---|---|---|---|---|
| PM: ISM services PMI | | PM: FOMC meeting minutes | PM: Weekly unemployment claims | |

PAYMENTS

The Carter, 11 Pilgrim Street
London, EC4V 6RN