

ALL EYES ON EURUSD AHEAD OF ECB RATE DECISION

Last week, the Euro fell to its lowest level in more than 20-year to reach as low as 0.9950.

The pair traded briefly below the parity (1€ = 1\$) amid heavy selling pressure before to bounce back and end the week on a positive note.

On Thursday, the ECB (European Central Bank) is expected to raise interest rates by 25 basis point for the first time in a decade to fight high inflation in the Eurozone.

Investors, think that this shift in monetary policy is coming late when compared to the US, as the FED (Federal Reserve) already started an aggressive series of rate hikes, which pushed the US Dollar to fresh yearly highs.

In the meantime, as now both the US and the Eurozone monetary policies started to converge, it's the pace of the future rate hikes that matters the most for traders.

Below is the calendar for the upcoming ECB rate decision (GMT+4 timing):

🕒 Current Time: **03:38** (GMT +4:00) ▾ All data are streaming and updated automatically.

Time	Cur.	Imp.	Event	Actual	Forecast	Previous
Thursday, July 21, 2022						
16:15	EUR	★ ★ ★	Deposit Facility Rate (Jul)		-0.25%	-0.50%
16:15	EUR	★ ★ ★	ECB Marginal Lending Facility			0.25%
16:15	EUR	★ ★ ★	ECB Monetary Policy Statement 📄			
16:15	EUR	★ ★ ★	ECB Interest Rate Decision (Jul)		0.25%	
16:45	EUR	★ ★ ★	ECB Press Conference 🗣️			

Looking now at EURUSD technical picture, we can see that the dominant trend remains to the downside as prices continue to show lower highs and lower lows structure, despite the recent recovery that started by end of next week.

It is important to mention that the hourly trend has turned positive, after showing a positive divergence in the RSI indicator and breaking above the near-term falling trendline, however, the current move is expected to be short lived and the pair is likely to find strong sellers in the coming days, especially if prices manage to reach the resistance zone located around 1.0275-1.0365 resistance following the ECB meeting.

The first level represents a technical resistance from July the 6th, while the second one is showing a strong selling confluence (former broken support + 61.8% Fibonacci retracement from 1.0612 peak).

In addition, the 50-exponential moving average continue to trade below the 200-exponential moving average reinforcing the bearish bias.

To summarize, as mentioned earlier, EURUSD pair remains in a clear downtrend and is trading into a short-term correction that can end around the selling zone discussed above.

A reversal to the downside from the resistance zone can lead to a move lower towards 1.0120 hourly support.

In the opposite, only a daily close above 1.0535 should weaken the actual bearish trend.



Finally, high volatility is expected during ECB rate decision event, therefore, traders should manage their risk exposure accordingly.

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