



EUR/GBP Weekly Fundamental Analysis, March 23-27, 2015 – Forecast

By Barry Norman

March 21, 2015

The EUR/GBP climbed this week as the euro recovered while the pound fell on weak data in the UK as traders watch the elections. The pair ended at 0.7232. The pound has been hit by yet another speech from a member of the Bank of England's Monetary Policy Committee. This time it was BoE's Chief Economist Andy Haldane, noting that risks of prolonged slowdown inflation may force policy makers to be prepared to cut interest rates further if needed. Haldane said inflation risks "skewed to the downside" and that inflation expectations by households may no longer be consistent with the BoE's 2% target.

The European Central Bank (ECB) initiated the quantitative easing on March 9, pumping 1.1 trillion euros into the market through buying public and private bonds in the secondary market. Such action tumbled the euro to 11-year lows against the dollar in the morning the next day.

"I think the launch of quantitative easing by the European Central Bank will probably further weaken the euro against the dollar," James Dorn, vice president for monetary studies in Cato Institute, told Xinhua in a recent interview.

If the ECB takes the quantitative easing for a year, it will possibly raise the inflation in the region as the policy will have stronger push for banks to make loans than the same action taken by the Federal Reserve,

FxEmpire provides in-depth analysis for each currency and commodity we review. Fundamental analysis is provided in three components. We provide a detailed monthly analysis and forecast at the beginning of each month. Then we provide more recent analysis and information in our weekly reports and we provide daily updates and outlooks.