

## **Euro US Dollar (EUR/USD) Exchange Rate Falls to a 22-Month Low Fuelled by Political and Economic Uncertainties**

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The Euro US Dollar (EUR/USD) exchange rate slipped, and the pairing is currently trading at an inter-bank rate of \$1.1135.

On Thursday, the Euro suffered its worst day in over six-weeks, falling to a 22-month low.

Data released this morning revealed that Spanish unemployment rose to 14.7% during the first quarter of 2019.

This added to the spectre of political uncertainty in Spain, and Sunday's polarized election could further dampen sentiment in the single currency.

In a note to clients, Antje Praefcke, an Analyst at Commerzbank wrote:

‘Political uncertainties combined with economic concerns are a rather bad cocktail for the Euro. In particular the economy on the other side of the Atlantic is humming.’

### **US Dollar (USD) Rises as Potential Tariffs on EU Cars to Cause ‘Economic Pain**

On Wednesday, European Central Bank (ECB) economists Vanessa Gunnella and Lucia Quaglietti released a report on the US tariffs on the European Union.

The report suggested that US President Donald Trump's tariffs have posed ‘only a modest adverse risk’ to the EU.

The study found that Trump's tariffs have only had a mild impact, although US threats to hit cars from the EU with tariffs could have more of an impact.

Commenting on this, Trade Policy Analyst at the Libertarian Cato Institute, Simon Lester said:

‘If the US expands its tariffs to cars, that will have a much bigger impact on European producers, and there will be some economic pain.’

Added to this, the report from the ECB stated:

‘It is estimated that the impact on the Euro area as a whole would be small, even when the magnifying effects of global supply chains are taken into account.

‘However, the consequences of an increase in car tariffs may weigh significantly on some countries.’

This threat of further economic uncertainty likely weighed on the single currency.

**Euro US Dollar Outlook: Will the EUR/USD Exchange Rate Fall on Rebounding US Non-defense Capital Goods Orders?**

Looking towards this afternoon, the US Dollar (USD) could rise against the Euro (EUR) following the release of the US non-defense capital goods orders (excluding aircraft).

If orders rise in March, rebounding from the previous month's contraction, it could provide the ‘Greenback’ with an upswing of support.

On Friday, the Dollar could slip following the release of the US preliminary GDP for Q1 2019.

If GDP growth during the first quarter of 2019 is not as strong as the previous quarter, the Euro US Dollar (EUR/USD) exchange rate could rise.