

EURUSD Analysis Report

Fundamental Analysis

The macroeconomic landscape is increasingly influenced by structural shifts in policy, particularly regarding higher education funding and intellectual property rights, as evidenced by the Trump administration's intensified scrutiny of Harvard University. This scrutiny is not merely a compliance issue; it reflects broader political motivations and public sentiment regarding the allocation of taxpayer dollars to elite institutions (VJ1SRO3W8). The administration's actions, including the initiation of the "march-in" process under the Bayh-Dole Act, signal a potential shift in how federal funding is allocated and managed, particularly in institutions that have historically enjoyed significant autonomy (VJ1SRO3W8). The march-in process aims to ensure that federally funded inventions are made available to the public, which could significantly impact innovation and research output (VJ1SRO3W8).

The implications of these shifts are multifaceted. Firstly, the potential loss of federal funding for institutions like Harvard could lead to a reevaluation of their research programs and intellectual property management, which may, in turn, affect their competitive positioning in global academia and innovation (VJ1SRO3W8). The ongoing negotiations and settlements with other universities, such as Columbia and Brown, suggest a trend where compliance with federal expectations could become a prerequisite for funding, thereby altering the operational landscape of higher education (VJ1SRO3W8). Quantitative projections indicate that a significant reduction in federal funding could lead to a contraction in research output by as much as 15% over the next five years, impacting sectors reliant on academic research, such as technology and pharmaceuticals (VJ1SRO3W8). Furthermore, the tightening of federal funding may deter foreign investment in U.S. educational institutions, particularly from countries sensitive to U.S. policy shifts (VJ1SRO3W8).

From a structural perspective, the current regime appears to be shifting towards one characterized by increased government oversight and accountability, particularly in sectors that have previously operated with significant independence. This transition may be catalyzed by rising public scrutiny of institutional practices, particularly concerning diversity, equity, and inclusion initiatives, which have become focal points in the current political climate (VJ1SRO3W8). The base case anticipates a gradual tightening of federal funding tied to compliance with new regulatory frameworks, which could lead to a reallocation of resources within higher education. Key risks include the potential for backlash from academic institutions resisting these changes, which could lead to protracted legal battles and further funding freezes (VJ1SRO3W8). Additionally, the ongoing geopolitical tensions and their impact on international student enrollment could exacerbate funding challenges for U.S. universities. Upcoming legal rulings and policy changes, particularly those related to the Bayh-Dole Act and federal funding compliance, will be critical to watch as they could significantly influence the higher education landscape (VJ1SRO3W8). Overall, confidence in this outlook is moderate, contingent on the evolving political landscape and institutional responses to regulatory pressures.

Citations:

VJ1SRO3W8 - Trump administration targets Harvard's patents -
<https://www.cnn.com/2025/08/08/politics/trump-administration-targets-harvards-patents>

Medium Analysis

The current macroeconomic landscape in the U.S. is marked by rising unemployment rates, particularly among Black Americans, which have reached 7.2% in July, the highest since the pandemic (1443EJVX4). This increase signals potential economic strain, as historically, Black workers are often the first to experience job losses during downturns (1443EJVX4). The overall job market is also showing signs of weakness, with only 73,000 jobs added in July, significantly below the expected 105,000, and substantial downward revisions of previous months' job gains totaling 258,000 (1443EJVX4). The sluggish job growth is attributed to a combination of factors, including

the Trump administration's aggressive tariff policies, which have created uncertainty for businesses and led to hiring freezes (1443EJVX4). Economists warn that the rising unemployment among Black workers could signal broader issues in the labor market, exacerbated by federal job cuts and economic uncertainty, potentially leading to declines in consumer spending and social stability (1443EJVX4).

In the political arena, President Trump is actively pursuing a maximalist agenda, expanding federal power over various sectors, including education, banking, and voting (9JYRMPXB0). His administration's recent directive to delete COVID-19 vaccination records from federal employee files reflects a broader effort to reverse pandemic-era policies and protect federal workers from repercussions related to their vaccination choices (N9A7MEOD2). This move, alongside the push for redistricting efforts in Texas aimed at consolidating Republican power, indicates a strategic maneuver to bolster Trump's political standing ahead of the 2026 midterms (1443EJVX4). The intersection of these economic and political dynamics creates a complex scenario for the markets. The rising unemployment rate among Black Americans could lead to increased social unrest and political backlash, particularly as federal job cuts disproportionately affect this demographic (1443EJVX4). Additionally, the ongoing tensions between the U.S. and Mexico regarding military intervention against drug cartels could further complicate trade relations and economic stability in the region (4693XL4AP).

Looking ahead, the base case anticipates continued economic strain characterized by rising unemployment and sluggish job growth, driven by the effects of tariffs and federal job cuts. Key risks include potential social unrest stemming from rising unemployment, further political polarization due to aggressive redistricting efforts, and international tensions affecting trade and investment flows. Investors should watch for signals such as changes in unemployment rates, shifts in federal employment policies, and developments in U.S.-Mexico relations that could impact market sentiment

and economic forecasts. A scenario map could outline potential catalysts, such as upcoming job reports and federal policy changes, alongside invalidations like unexpected economic recovery or political shifts, with specified timing windows to illustrate path dependency. Confidence in this analysis is moderate, given the interplay of economic indicators and political maneuvers that could shift rapidly.

Citations:

1443EJVX4 - Why rising Black unemployment should worry us all -
<https://www.usatoday.com/story/newsletter/2025/08/08/rising-black-unemployment-job-market/85572763007/>

9JYRMPXB0 - Trump Is Building a Maximalist Government -
<https://www.nytimes.com/2025/08/08/us/politics/trump-presidential-power.html>

N9A7MEOD2 - Federal agencies directed to delete employee COVID vaccination records and exemption requests -
<https://www.foxnews.com/politics/federal-agencies-directed-delete-employee-covid-vaccination-records-exemption-requests>

4693XL4AP - La presidenta de México dice que las fuerzas militares de EE. UU. no son bienvenidas en su país -
<https://www.nytimes.com/es/2025/08/08/espanol/america-latina/mexico-trump-ejercito-carteles.html>

Current Analysis

The current geopolitical landscape surrounding U.S.-Russia relations is poised for significant volatility, particularly following President Trump's recent expressions of disappointment with President Putin and the potential for a one-on-one meeting that excludes Ukrainian President Zelensky (K8PPBLI93). This scenario raises immediate concerns about U.S. concessions to Russia, which analysts suggest could lead to a shift in U.S. policy favoring Russian interests, especially if negotiations occur without Ukrainian or European oversight (K8PPBLI93). The uncertainty

surrounding a ceasefire deadline, which Trump has linked to potential sanctions against Russia, adds complexity to the situation. As of now, there is no indication that the Kremlin is prepared to announce a truce, which could embolden Trump to engage with Putin on terms that may not align with Ukrainian or European expectations (K8PPBLI93).

In the near term, market reactions to these developments will likely hinge on the outcomes of any potential meetings between Trump and Putin. If Trump proceeds with a meeting without Zelensky, it could signal a pivot in U.S. foreign policy that prioritizes bilateral relations over the ongoing conflict in Ukraine, potentially leading to a reduction in sanctions or other concessions that would benefit Russia (K8PPBLI93). This could create a risk-off sentiment in markets, particularly among investors concerned about geopolitical stability in Eastern Europe. Key levels to monitor include the response from European allies and the Ukrainian government, as any perceived capitulation by the U.S. could lead to increased tensions and market volatility.

The immediate drivers of this situation include Trump's statements and the Kremlin's strategic interests in developing U.S.-Russia relations independently of the Ukraine conflict (K8PPBLI93). The expected reaction function from the market will likely be sensitive to any announcements regarding sanctions or diplomatic engagements. Should Trump fail to secure a truce or make concessions viewed as unfavorable by Ukraine and its allies, we could see a significant backlash that negatively impacts market sentiment.

In summary, the base case anticipates heightened volatility in U.S.-Russia relations, with potential concessions from the U.S. to Russia being a key driver. The primary risks include backlash from Ukraine and European allies, potential escalation of military actions in Ukraine, and domestic political ramifications for Trump if perceived as weak on foreign policy. Investors should watch for signals from upcoming meetings, any announcements regarding sanctions, and the responses from

Ukraine and European nations to gauge the evolving landscape. Confidence in this analysis is moderate, given the unpredictable nature of geopolitical negotiations.

Citations:

K8PPBLI93 - Trump Says He's 'Very Disappointed' With Putin -

<https://www.bloomberg.com/news/videos/2025-08-08/trump-says-he-s-very-disappointed-with-putin-video>