



Forex Market **Insights** Newsletter

Volume 75 → June 10th to June 16th 2023

Exclusively for PDEXCIL members : Complimentary

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***TILL MARCH 2024**



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Currency	Bid	Ask
USDINR	73.3575	73.4575
🕒 29 12:55:39 Event		
H- 73.3650	L- 73.2000	+0.0675 (0.09%)
EURUSD	1.1809	1.1810
🕒 29 12:55:39 Event		
H- 1.1922	L- 1.1795	-0.0002 (-0.02%)
NZDUSD	0.7027	0.7028
🕒 29 12:55:39 Event		
H- 0.7069	L- 0.7020	-0.0028 (-0.40%)
AEDINR	19.9700	19.9790
🕒 29 12:55:39		
H- 0.7069	L- 19.8960	0.0300 (0.16%)
JPYINR	0.6649	0.6652
🕒 29 12:55:39		
H- 0.6656	L- 0.6635	+0.0001 (0.03%)
CNYINR	11.2023	11.2031
🕒 29 12:55:39		
H- 11.2045	L- 11.1607	0.0416 (0.37%)
USDCNY	70.3525	71.4275
🕒 29 12:55:39		
H- 70.3636	L- 70.2636	+0.0675 (0.09%)

Key Takeaway Summaries

₹ INR

The foremost factor for a low volatility week was lack of economic events.

€ EUR

After failing to rise for five weeks in a row, the EURUSD pair managed to register small weekly gains, closing around the 1.0760 price range.

£ GBP

The pair fell on Monday due to the strength in the dollar index, which was around 104.4 levels

¥ JPY

The downfall in the yields weighed on the USDJPY and Yen gained to the 138.75 level.

Welcome

Dear Members,

In a week marked by quiet trading prior to the Federal Reserve's monetary policy decision, stocks ended the week slightly higher. The S&P 500 Index entered bull market territory, rising more than 20% off its mid-October lows. Jobless claims surged to 261,000, surpassing expectations and reaching the highest level since October 2021.

The STOXX Europe 600 Index declined in the European markets as caution set in ahead of central bank meetings. The European Central Bank hinted that interest rates would likely rise in June, but there was less agreement on the following months. With stagnant retail sales and a worsening German manufacturing sector, the Eurozone entered a moderate recession.

Japanese stocks soared to record highs on the back of improved first-quarter economic growth and positive sentiment in the services sector. The persistent monetary policy difference between the dovish Bank of Japan (BoJ) and the other major central banks, which mostly remain in tightening mode, weighed on the Japanese currency, which kept the yen close to a six-month low against the dollar and traded in the higher JPY 139 region. Chinese equities experienced mixed performance as concerns over the country's post-pandemic recovery persisted. China's exports and imports declined, raising expectations of additional support measures from the People's Bank of China to bolster the economy.

Thank You

Mahesh Sanil
Executive Director

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Events to WATCH

Jun 12, 17:30
CPI (YoY)
(May)

Jun 12 17:30
Manufacturing
Output (MoM)
(Apr)

Jun 12 17:30
Industrial
Production
(YoY) (Apr)

Jun 14 12:00
WPI Inflation
(YoY) (May)

Jun 15 17:50
Trade Balance

The Rupee was seen stabilizing this week mostly trading in a range of 82.40-82.65. The foremost factor for a low volatility week was lack of economic events. Initially, the services data was out which came in lower than expected and we also saw the US Trade Deficit getting widened to -74.60B which is almost a six-month high. Both the economic numbers contributed in dampening the chances of another rate hike in the upcoming Fed meeting as now there's only 25-30% probability compared to 65-70% last week. The next major event is due on 13th June which is the US CPI. All eyes are on the inflation data as this is the most important and last data before the Fed meeting which will give us further clues of Fed interest rate outlook.



On Thursday (08th June 23), RBI governor Shaktikanta Das had announced the 43rd Monetary Policy Statement keeping the repo rate unchanged at 6.50% by a majority vote of five out of six members, as the MPC chose to maintain its focus on the withdrawal of accommodations. He also added that India's financial and economic sectors are robust, and the country's macroeconomic fundamentals are improving. India's FX Reserves data released on Friday signaled an increase by 6 billion dollars after which the reserves surged to a total of 595.07 billion dollars. Some of the key events in the upcoming week are CPI (MoM) (May), Core CPI (MoM) (May), Fed Interest Rate Decision & Retail Sales (MoM) (May).

\$ USD

REPO RATE

5.25%

GDP

1.3%

INFLATION

4.9%

UNEMPLOYMENT

3.7%

TRADE BALANCE

-\$74.55B

Events to WATCH

Jun 13, 18:00
CPI (YoY) (May)

Jun 13 18:00
Core CPI (MoM)
(May)

Jun 14, 23:30
Fed Interest
Rate Decision

Jun 15, 18:00
Retail Sales
(MoM) (May)

Jun 15, 18:00
Philadelphia Fed
Manufacturing
Index (Jun)



The Indian rupee ended the week on a negative note, breaking its two-week winning streak with a decline of 0.19% to close at 82.43. Despite significant movements in other major currency pairs, the USD/INR pair traded within a range throughout the week. Now, all eyes are on the upcoming Federal Reserve interest rate decision, which will likely shape market sentiment in the coming week.

The current consolidation of the pair at these levels suggests the potential for a significant upside or downside move in the days ahead. At the beginning of the week, there was a partial gap filling as the pair reached a high of 82.68, closing the gap created on June 8th, 2023, between 82.52 and 82.7225. Typically, such gaps in USD/INR tend to fill quickly. The trendline at 82.90-95 will serve as a crucial resistance level in the coming days, while our initial downside target would be 82.20, where the 144-day moving average is located. Further support can be found around 81.80.

On the daily timeframe, the momentum indicators RSI and MACD are providing mixed signals, adding to the uncertainty in the market. Our overall view remains positive on the recovery of the rupee. We advise exporters to continue increasing their hedge ratio at levels above 82.50, while importers can consider hedging their exposure around the 82 mark. For mandated hedging, they may opt for vanilla options as the volatility is low, making options a more cost-effective choice.

Events to WATCH

Jun 13, 11:30
German CPI (MoM) (May)

Jun 13, 14:30
German ZEW Economic Sentiment (Jun)

Jun 15, 17:45
ECB Interest Rate Decision (Jun)

Jun 16, 14:30
CPI (YoY) (May)

After failing to rise for five weeks in a row, the EURUSD pair managed to register small weekly gains, closing around the 1.0760 price range. With the Federal Reserve's upcoming monetary policy decision on the horizon, the US dollar witnessed declines over the speculation of interest rate hike pause. The Federal Reserve is expected to maintain rates next week, but chances of a rate hike rose after surprise moves from the Reserve Bank of Australia (RBA) and Bank of Canada (BoC), both raising rates by 25 bps against expectations of no rate hike. The US dollar plunged after the BoC's decision, as odds of a Fed rate hike pause next week dropped to 63% but rebounded above 70% due to a weak US employment report. In the upcoming week, the European Central Bank will decide on its monetary policy decision, which is expected to include a 25 bps rate hike. Market sentiment leans towards certainty, anticipating a clear message from European policymakers about additional rate increases in the future. More key events to follow in the week ahead include Industrial Production (MoM) (Apr), German CPI (MoM) (May), and German CPI (YoY) (May).



EURUSD pair made some gains in the second half of the week to close at 1.0749. EURUSD was at its more than 2-month low and gave us a glimpse of the trend that we saw at the time of banking crisis in mid of March, 23. However, the pair is unable to definitively break through the first support at 1.0637, if this level is broken, a continuous trend to 1.0535 will resume for the pair. Relative Strength Index oscillators at 42 indicate a selling signal as EURUSD breached its resistance at 1.0750, but MACD is displaying a neutral signal also favoring a further upside for the pair. A breach of the 1.0745 barrier will signal a short-term bottom on the upside. The simple moving averages for the 20 and 200 days are typically 1.0764 and 1.0720, respectively. On the negative, a break of 1.0671 will restart the decline from cluster support at 1.1094 to 1.0515. On the upside, a break of the 1.0757 barrier, however, is signaling a short-term bottoming out. Back at the 55 D EMA, which is currently at 1.0836, there would be a stronger rebound.

Events to WATCH

Jun 13, 11:30

Average Earnings Index + Bonus (Apr)

Jun 13, 11:30

Claimant Count Change (May)

Jun 14, 11:30

Manufacturing Production (MoM) (Apr)

Jun 14, 11:30

GDP (MoM) (Apr)

Jun 14, 11:30

GDP (YoY) (Apr)

GBPUSD started the week on a negative note by opening at the 1.2447 level. The pair fell initially and gained towards the end of the week. The pair fell on Monday due to the strength in the dollar index, which was around 104.4 levels. The dollar was supported by the last week's upbeat NFP data release. The Construction PMI of the U.K. came higher at 51.6 against the expectation of 51.1. Sterling started to gain after the release of the disappointing weekly initial jobless claims data from the United States, which exacerbated economic fears. Initial Jobless Claims in the US increased to 261K last week, the highest level since October 2021. The US Treasury bond yields lost their recovery momentum and rapidly fell from weekly highs on dovish Fed views and a disappointing run of US macroeconomic data, adding to the pressure on the USD. The DXY fell to 103.29 levels. Sterling gained and made a high of 1.2590, which is a 4-week high. During his visit to Washington DC, this week, UK Prime Minister Rishi Sunak met with lawmakers and business executives from the US. According to reports, Sunak supported strengthening relations between the US and UK economies.



For the second week in a row, the pair showed considerable strength, with the Bulls overpowering the Bears throughout the week, resulting in a gain of approximately 130 pips. The current momentum and strength indicate that the pair is approaching the 1.2680 levels observed on May 10th, 2023, and beyond that, the Bulls may set their sights on the region around 1.2800. However, for a bearish perspective to take hold, the pair needs to successfully break the 1.2500 level. If this happens, we might see a movement towards the 100-day simple moving average, which is located between 1.2355 and 1.2360. On the daily time frame, the momentum indicator MACD is giving mixed signals, while the RSI and stochastic indicators have entered in an overbought zone.

¥ JPY

REPO RATE

-0.10%

GDP

0.7%

INFLATION

3.5%

UNEMPLOYMENT

2.6%

TRADE BALANCE

-¥432B

Events to WATCH

Jun 15, 05:20
Trade Balance
(May)

Jun 16, 08:30
BoJ Interest Rate
Decision



USDJPY started the week on a positive note by opening at 139.959 levels. The pair gained initially but started to decline towards the end of the week. The yen was able to recover after the upbeat release of the first quarter's GDP of Japan which came way higher at 0.7% against the market expectations of 0.4%. The YoY GDP also came higher at 2.7% than the market consensus of 1.6%. The data showed that compared to other economies throughout the world, the Japanese economy is growing more resilient. Following a jobs report that showed the US labour market is loosening, the USD/JPY fell by around 0.70% on Thursday. The Initial Jobless Claims in the U.S. rose to 261000 above the estimate of 235000, which is the highest level since October 2021. After the release of the data, the Dollar Index fell by 0.6% to 103.395. The US. 10-Year bond yield and 2-Year bond yield fell to 3.72% and 4.52% respectively. The downfall in the yields weighed on the USDJPY and Yen gained to the 138.75 level. FOMC monetary policy decision next Wednesday followed by the BOJ meeting on Thursday will be eyed by the market participants.

The USDJPY opened at 139.95 and started rising but it takes resistance in the first half of the week at 140.40. During the week, the US dollar has lost a little ground versus the Japanese yen before finding buyers again. Finally, the market has broken over the 138 level, which the rising triangle had indicated as resistance earlier. The USDJPY pair makes a respectable intraday rebound from a recent weekly low, which was reached on Friday, around the 138.75 area, and continues to rise steadily throughout the early hours of the European session. In the interim, any significant pullback may continue to find solid support close to the 139.00 level before the 138.75-138.70 area. The positive setup will be invalidated by a decisive breach below the latter, which will lead to strong technical selling. The USD/JPY pair may then continue to decline towards the monthly low, which is roughly in the 138.45-138.40 range, on its way to the 138.00 level and the 137.30 region, which corresponds to the 200-day SMA. Relative Strength Index shows neutral bias currently at 50 level and momentum indicator MACD comes close showing a selling signal.



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BLOG

Understanding Forex Trading Psychology & Overcoming The Emotional Barriers

In the field of forex trading, swift decisions have to be made in the face of constantly shifting market circumstances. In order to be a successful trader, one must embrace challenges and acquire valuable lessons along the way. However, gaining a profound understanding of the emotional aspects inherent in forex trading before fully immersing oneself can prove immensely beneficial.

To understand trading psychology in forex, it is crucial to know about two main emotions: Greed, and Hope.

Greed is a strong feeling that can cloud people's judgment when trading. It happens when traders become too focused on making more money and ignore important information about the economy. This usually occurs in bullish markets, where traders keep betting that the currency pair will go up, even if there are reasons to be cautious. For instance, a trader purchased 5 lots of USDINR at 81.70 and set a take-profit (TP) level at 81.95. In this situation, two possible scenarios can unfold. Firstly, if the market reaches 81.80, the trader could exit the trade, securing a profit of only 10 paise. Secondly, if the market continues to rise and reaches 81.95, the trader may choose to hold onto the position, anticipating further appreciation of the dollar beyond 82 levels.

Hope is the emotion that makes traders continue investing even when they are losing money. It can blind them to the risks involved and give them a false sense of confidence that they will eventually make a profit. This often happens because traders don't wish to admit they were wrong, and as a result, they find it difficult to manage the risks effectively. For instance, a trader purchased 10 lots of USDINR at 81.70 and placed a stop loss at 81.55. Unfortunately, the stop loss was triggered, indicating a loss. However, despite this, the trader decides to continue holding the position, hoping that the currency will reverse its trend and reach 81.70 or higher.

Both scenarios mentioned above deviate the trader from their trading objective. Understanding and navigating these psychological dynamics within forex trading enable traders to develop a more well-rounded perspective, allowing for better decision-making and a higher likelihood of success in this exhilarating arena. The following points should be kept in mind in order to find a balance between these two sides of a coin:

Discipline: A key component of trade psychology is discipline. It entails following a clearly laid out trading strategy, and abiding by established guidelines. By exercising discipline, traders can prevent rash judgments, properly manage risk, and stay concentrated on their long-term trading objectives.

It aids in avoiding the urge to chase after immediate gains and enables steady, logical decision-making, which improves trading results.

Practice and Belief: Discipline and belief are crucial for traders as they navigate the ups and downs of the market. By adhering to a disciplined approach and having faith in their trading strategies, traders can maintain focus and learn from setbacks. This combination of practice, belief, and learning from experiences ultimately leads to growth and success in the trading world.

Risk Management: This involves identifying and reducing potential dangers connected to trade activity. Position sizing, setting stop-loss orders, assessing risk-reward ratios, and maintaining emotional control are all examples of effective risk management techniques. It aids in capital preservation and raises the likelihood of continuous profitable trading.



Mobile Application: Features

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Stay updated about the economic events taking place round the globe. Also their impact on the currency- high, medium or low.

Forex Research

Publications- Daily Reports, Premium Research, Daily Trading Calls, News, Case Studies, Weekly Report, Monthly Report, Blogs.



The screenshot shows the 'Corporate Fx' section of the mobile application. It displays a table of currency rates with columns for Currency, Bid, and Ask. The rates are listed for various currency pairs including USDINR, EURUSD, NZDUSD, AEDINR, JPYINR, CNYINR, and USDCNY. Each entry includes high and low values and a percentage change.

Currency	Bid	Ask
USDINR	73.3575	73.4575
EURUSD	1.1809	1.1810
NZDUSD	0.7027	0.7028
AEDINR	19.9700	19.9790
JPYINR	0.6649	0.6652
CNYINR	11.2023	11.2031
USDCNY	70.3525	71.4275

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Forex Trading

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