



Forex Market **Insights** Newsletter

Volume 105 → Jan 06th to Jan 12th 2024

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 rupee experienced gains driven by positive domestic equities and increased foreign capital inflows.

€ EUR

Initiating the week at 1.1036, the pair encountered a decline of 0.86%, concluding at 1.0940.

£ GBP

Sterling faced the downward pressure this week, as it fell by 0.44% this week

¥ JPY

The USDJPY surged to 145.97, driven by anticipation surrounding the US Nonfarm Payrolls release

Welcome

Dear Members,

As I analyze the latest economic trends, I see tentative signs of moderation, though significant risks remain. US inflation appears to be slowing mildly thanks to softer demand and base effects. This lends some credibility to expectations for a potential Fed rate cut later in 2023. However, ongoing labour market resilience, evidenced in last week's jobs data, suggests the disinflationary impact of tighter policy may take longer to materialize.

In the Eurozone, inflation is declining noticeably but driven more by demand destruction than meaningful supply improvements. With a recession looking increasingly probable, the ECB will likely maintain aggressively hawkish messaging for now. Financial markets should continue exhibiting volatility as conflicting disinflation signals meet uncertain policy outlooks. Intensifying recession fears leave the BoE little justification for further rate hikes. However, with inflation still markedly above target, additional tightening also cannot be ruled out yet. Among emerging economies, improving fundamentals in Mexico and Brazil currency strength – but political uncertainties persist.

Moving deeper into January, inflation readings will be the focal point for markets. Clearer confirmation of disinflation would support expectations for an expedited policy pivot. But any upside surprises could quickly undermine this narrative. I will be monitoring the data flow and Fed communications closely for clues on the policy trajectory.

Thank You

Mahesh Sanil
Executive Director

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PDEXCIL

Events to WATCH

Jan 12, 17:00
FX Reserves, USD

Jan 12, 17:30
CPI(YoY)

The Rupee closed the week stronger at 83.16 after a volatile session. The rupee traded in a range of 83.13–83.3475. The Dollar Index was on a gaining spree this week, ending the session higher at 102.43 after hitting 103.10. U.S. jobs report that exceeded expectations. However, the gains were capped by bearish Service sector data. The ISM Service PMI fell to 50.6 the lowest level since May 2023 suggesting a slump in the Service industry which accounts for more than two-thirds of the Economy. FOMC minutes and data released this week indicate that the FED rate cut may not come as soon as the markets were expecting lending support to the weak Dollar. The Fed rate monitor is now pricing a lesser possibility of 64% of the first rate cut in March.



The rupee experienced gains driven by positive domestic equities and increased foreign capital inflows. Notably, Institutional Investors made share purchases totaling Rs. 1,696.86 crore. India's foreign exchange (forex) reserves rose by \$2.76 billion and stood at a near 22-month high of \$623.20 billion as of Dec. 29. Further outlook for the Rupee looks positive in 2024. Factors such as a weaker Dollar due to rate cut expectations, a low current account deficit, sufficient forex reserves, inclusion in the Bond Index, and upcoming central elections are likely to contribute to this positive trajectory.

Events to WATCH

Jan 09, 19:00

Trade Balance (Nov)

Jan 09, 19:00

Exports

Jan 09, 19:00

CPI (MoM) (Dec)

Jan 11, 19:00

CPI (YoY) (Dec)

Jan 11, 19:00

Services PMI (Dec)

Jan 11, 19:00

Core CPI (MoM)
(Dec)

Jan 11, 19:00

Initial Jobless Claims

Jan 12, 19:00

PPI (MoM) (Dec)



The Rupee traded in a range of 22 paise this week. The Rupee weakened to 83.3475 but during the end of the week reversed its losses making a high of 82.13 and ended the week at 83.15.

Looking at the Daily chart of USDINR the close is lower consecutively for the whole week setting a tone for a very strong bearish signal. Should the pair continue its downward trajectory it is expected to test its initial support at the 83.90 level. Additionally, the 20-day EMA is very close to the 50-day EMA, and the former appears to move downwards and cross the latter, indicating a potential bearish cross-over in the near future.

As the Rupee is expected to gain, Exporters should hedge at a level above 83.25 or above and slowly increase their exposure whereas the Importers should wait for the levels below 83. Importers can also explore a combination of plain vanilla options and forwards to hedge their exposures.

Events to WATCH

Jan 08, 12:30
German Trade Balance (Nov)

Jan 08, 12:30
German Factory Orders (MoM) (Nov)

Jan 08, 12:30
Unemployment Rate (Nov)

Jan 08, 12:30
Retail Sales (MoM) (Nov)

Jan 08, 12:30
Unemployment Rate

In the shortened trading week celebrating the New Year, EURUSD experienced a downward trajectory in the first week of 2024. Initiating the week at 1.1036, the pair encountered a decline of 0.86%, concluding at 1.0940. This shift was attributed to the US Dollar's robust start to the year, demonstrating appreciation against major currencies. The resilience of the US labor market was evident, with NFP numbers surpassing expectations. This led to a decrease in the likelihood of a Fed rate cut in its March meeting, shifting from 85% a week earlier to the 64% currently. Conversely, Eurozone CPI projection figures were released, falling slightly below the anticipated 3% but showing an increase to 2.9% from the previous 2.4%. This indicates a need for the ECB to maintain high interest rates and avoid near-term rate cuts. The upcoming week is anticipated to provide further insights into the US interest rate trajectory, with the release of US CPI on Thursday.



Following three consecutive bullish weeks, the EURUSD pair concluded the initial trading week of 2024 with a bearish tone. Presently, bears are in control, but there are indications of underlying buyer support. It appears likely that an attempt to reclaim the 1.10 level will be made soon. Examining the weekly timeframe chart, the 200-day EMA (blue line) is situated at 1.0785, indicating that the pair is still trading above this level. Given that we are above the 200-week EMA, this doesn't appear very bullish at the moment. It seems the pair is attempting to establish a range. Identifying 1.1000 as a critical resistance level on the upside, where the short-term 50-day EMA (Yellow line) is also situated, breaking above this level could pave the way for further upward movement, with the 1.1250 level seen as the upper limit. Conversely, the 200-day EMA level (1.0785) serves as the initial support on the downside, followed by 1.0650, indicated by the trend line (Orange line) connecting the lows.

Events to WATCH

Jan 12, 12:30
Manufacturing
Production (MoM)
(Nov)

Jan 12, 12:30
GDP (MoM) (Nov)

Jan 12, 12:30
GDP (YoY) (Nov)

Sterling faced the downward pressure this week, as it fell by 0.44% this week. The UK had positive news with a recovery in house prices and a bounce in the Construction PMI during December. This led to gains in the Cable pair, supported by a strong upward trend in UK 10-year gilt yields, which reached multi-week highs and approached the key 4.0% barrier towards the end of the week, the last time it was seen was in mid-December. The pair's recovery was hindered by the bullish US labor data, which led to an increase in the dollar index to a 2-week high of 103.10. After the data, a total of 100 bps rate-cuts are expected by Fed in 2024, with a 66% probability of first cut in the month of March. On the UK front, expectations are centered on a reduction of 120 bps by BoE in 2024, lower than the previous estimate of 150 bps. The overall outlook for the pair remains slightly bullish, but the chances of gain are capped by the uptick in US Treasury Bond Yields and gain in DXY. UK GDP figures, as well as industrial and manufacturing production data for November, US CPI and Core CPI data in the upcoming week, will likely influence market sentiment.



Sterling snapped its three week continuous uptrend, as the pair fell by 0.44% this week. The pair started the week negatively by opening at 1.2729, and fell by 147 pips the same day, in a highly volatile session and made a 3-week low of 1.2610. But the pair started recovering from the lows and ended the week at 1.2715. As per the weekly chart, the 200-week EMA acts a strong resistance, preventing the further uptrend of the pair. The bullish crossover between 20 and 50-week EMA however suggests the strength in the pair. If the pair manages to break above the 200-week EMA, the next resistance will be the psychological level of 1.2850. The near term support can be seen at 1.2600. The formation of the next candle will provide more impetus on the future trajectory of the pair, any move below this week's low, will result in a downside in the pair, with 50-week EMA at 1.2436, acting as next support.

¥ JPY

REPO RATE

-0.10%

GDP

-0.7%

INFLATION

2.8%

UNEMPLOYMENT

2.5%

TRADE BALANCE

-¥ -780B

Events to WATCH

Jan 09, 05:00
CPI Tokyo Ex
Food and Energy
(MoM) (Dec)

Jan 09, 05:00
CPI (YoY) (Dec)

Jan 12, 05:20
Adjusted Current
Account (Nov)

Jan 12, 05:20
Current Account
(Nov)



Later in the week, the USDJPY surged to 145.97, driven by anticipation surrounding the US Nonfarm Payrolls release. However, the NFP data exceeded expectations, causing a reversal that saw the US Dollar retreat against the Japanese Yen. Despite robust US labor market strength, market sentiment wrestled with the potential for Federal Reserve rate cuts, reflected in a reduced market probability of a March rate cut, dropping from around 90% in current to 60%. In December, the US Average Hourly Earnings for the year rose to 4.1%, surpassing November's 4.0%. This increase exceeded market expectations, which had anticipated a slight decrease to 3.9%. The Yen underwent a significant 3% decline, erasing half of its recent gains, largely influenced by the US dollar's performance and the prospect of the 10-year yield climbing back to 4%. The upcoming week kicks off with Japan's Tokyo CPI release, drawing investor attention as they monitor inflation data for signs impacting the Bank of Japan's established accommodative policies. Should the US CPI increase, potentially pushing 10-year yields above 4%, the currency pair could face pressure, impacting market dynamics in the coming week.

The week began for USDJPY with the yen showing strength, opening at a weekly low of 140.98. On the weekly candlestick chart, the upward trend line is providing some support around the 140 yen and 141 yen levels. The yen has weakened by more than 3% this week and is currently at 145. This particular region has historically served as both a support and resistance zone. The fact that it's presenting resistance on Friday is noteworthy, especially considering the weekly chart that highlights the previous tops and bottoms of candlesticks as potential resistance and support levels. Additionally, the pair has broken above the 200-Week EMA, indicating potential for further upward movement. It's essential to note that breaking above this week's candlestick top could lead to a significant increase, potentially targeting the 150-yen level. Conversely, a drop below the 140-yen level, especially beneath the marked trend line (in blue), could result in a substantial decline. This might lead to a longer-term scenario of yen strengthening to around 130 yen.





BLOG

FOREX SERVICES IN INDIA

The foreign exchange market primarily refers to a market where various currencies are traded and investments and dis-investments are made all day long. The market presently is very well developed and well equipped. It is also regarded as the most dynamic and actively traded market in today's world. Over the decades with the rapidly growing foreign exchange market has come up with a variety of services to enable smooth foreign exchange transactions. These variety of services are provided by various banks, financial institutions and traders in the foreign exchange market worldwide.

Transaction Process Outsourcing

TPO or transaction process outsourcing basically refers to outsourcing the foreign exchange related transactions to financial firms to make rate bookings. It is helpful to both small and large business firms who can be free from the job of dealing with banks to book their transactions and can get the best rates at zero pilferage with the heap of experts. The negotiation is done by professionals on the basis of the company. The clients can ensure complete transparency by availing the voice recordings of phone calls with the banks, they can know the exact time of the transaction to know that the rates are right.

Rate Audit

Rate Audit is a service provided by limited financial firms where in the customer firm deals with the banks on their own and get rates fixed. However, once they have booked transactions they can check if the rates were right or the bank charged higher rates from the customers. This service is basically for past transactions. Users can check cash rates, spot rates, cancellations or forwards with the help of rate audit.

Rate Check

Rate check might seem to be similar to rate audit but the two are not the same. Rate check is a service for the current transactions that the businesses enter into. It refers to the real time dealing of the firm with the bank wherein the firms can check the current existing rates for various type of foreign exchange transactions and can negotiate on that basis with the banks to get the best available deal.

Money Changing

Another big and widely available service is that of money exchanging. This service today has a wide base due to the existence of tours and travels. Thus, they have to exchange their domestic currencies for the foreign currencies.

There are full-fledged money exchangers that are licensed by the reserve bank of India to exchange currencies. Multi-currency forex cards are also widely used for foreign travel these days.

Trade Finance

Trade finance basically is a phenomenon widely used in international trade markets today. The exporters and importers use various financing techniques to finance their shipments. The services available are letter of credit, drafts, bill discounting etc.



Mobile Application: Features

Live rates

Exact time Live Rates are provided for USD, INR, EUR, JPY, GBP and CNY.

Forward Calendar

Shows the forward rate you'll receive if you book a contract today for the respective rate to hedge, for both import and export separately.

Rate Alert

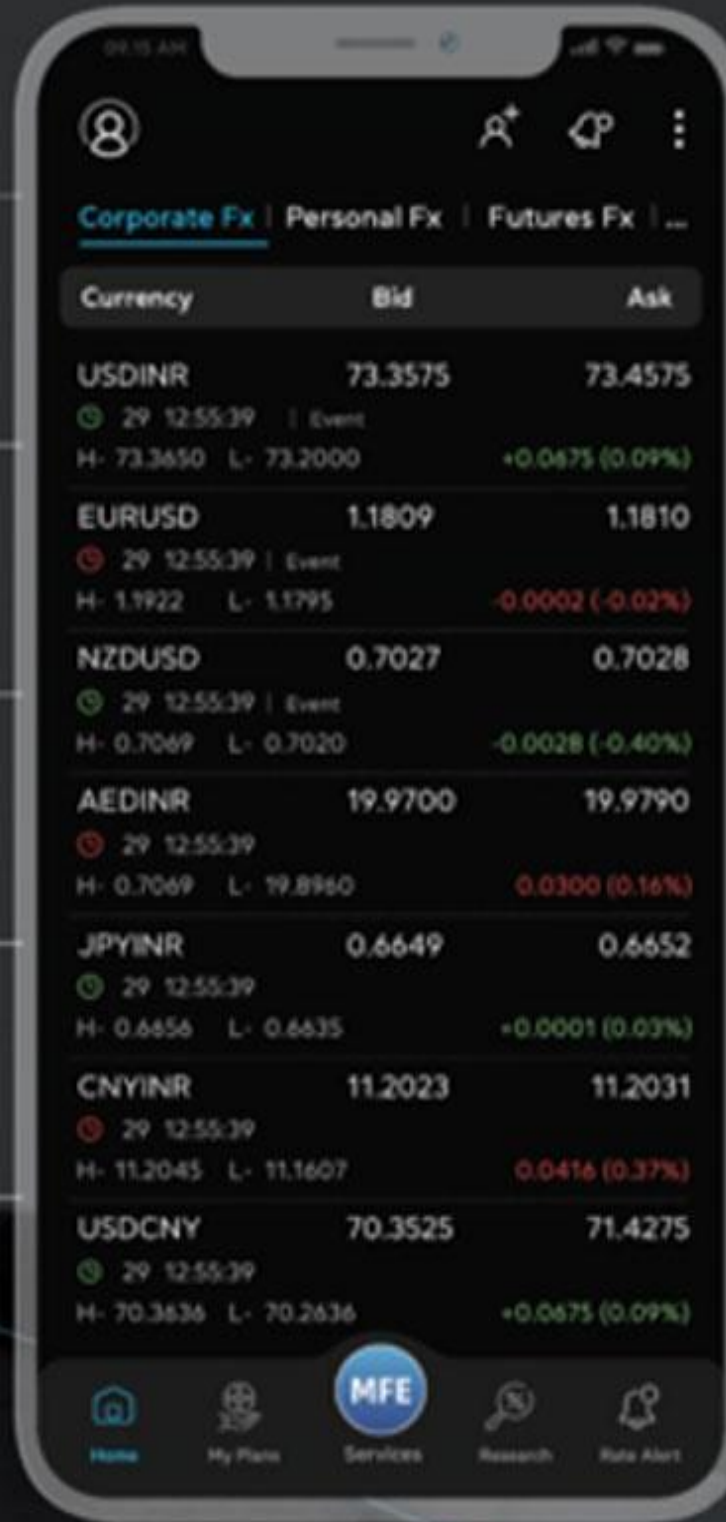
Set Rate alert for different types of transactions and know when the target rate has traded for the first time in forex market.

Economic Calendar

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. Each entry includes a high/low range 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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This feature enables you to Buy/ Sell Forex and Transfer Money for any purpose.

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This feature gives you access to Transaction Process Outsourcing service for transactions including Cash, Tom, Spot, Forward, etc for both export and import.

International Trade Finance

Get access to trade services like Buyer's Credit, Supplier's Credit, Export LC Discounting and Export Factoring.

Forex Trading

This feature enables you to Buy/ Sell Forex and make money transfer for any purpose.

Myforexeye
Simplifying Forex

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