



Forex Market **Insights** Newsletter

Volume 107 → Jan 20th to Jan 26th 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 recent Rupee gains faded off this week. USDINR started the week at 82.81 and testing a 3-month low of 82.7775 before closing higher at 83.06.

€ EUR

It was a negative week for Euro as it fell almost by 0.47% this week, primarily influenced by a strong dollar index.

£ GBP

The data released from UK economy although showed strength the market focused majorly on earning data which came at nearly eight month low at 6.5% leading to a fall in GBPUSD.

¥ JPY

Japanese Yen saw a decline this week, reaching a nearly two-month low at 148.80 before closing the week at 148.16.

Welcome

Dear Members,

Over the past month, we've seen the US dollar strengthen considerably, fuelled by resilient economic data and shifting rate cut expectations. However, after an early month jump, the greenback levelled off despite sustained tailwinds.

Investors have revised their forecasts, now expecting 140 basis points in rate cuts from the Federal Reserve, down from the previous 165 basis points. The probability of a rate cut by March has decreased to 54%, reflecting a notable shift in sentiment. Stable Treasury yields, with the 10-year note at 4.136% and the 2-year yield at 4.355%, add to the positive outlook. I believe the Euro could face further weakness if the Eurozone enters recession. The Bank of Japan may also allow some yen depreciation if done steadily. Additionally, the Fed may still hike rates in December if inflation stalls. However, risks to the dollar are two-sided, including potential Middle East escalation and financial stability concerns, which I am continuing to monitor.

I will be closely analyzing US data and policymaker commentary to determine future dollar trends. While the dollar looks poised to extend gains in the near-term, any excessive optimism could be premature given complex macroeconomic interactions. I will provide further guidance on my outlook as additional clarity on key drivers emerges.

Thank You

Mahesh Sanil
Executive Director

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Events to WATCH

Jan 26, 17:00
FX Reserves, USD

The recent Rupee gains faded off this week. USDINR started the week at 82.81 and testing a 3-month low of 82.7775 before closing higher at 83.06. The Dollar Index strengthened by approximately 0.80%, surpassing the 103-mark by the week's end. This rise in the dollar was driven by declining expectations of a Fed rate cut in the March meeting, supported by positive US economic data and a hawkish stance from Fed member Christopher Waller. The Fed rate monitor indicates a decrease in the March rate cut probability from 80% last week to 46% currently.



The Rupee's recovery was limited by factors such as equity outflows and increasing US bond yields, reaching 4.38% (2-year) and 4.12% (10-year) by the week's close. RBI Governor Shaktikanta Das, during the World Economic Forum, emphasized that discussing key policy rate cuts would be premature until the inflation target is durably achieved. He reiterated the central bank's commitment to active disinflation, aiming to lower CPI inflation to 4%. With stable Indian interest rates and a decline in US rates, the interest rate differential brightens the prospects for Rupee recovery.



Events to WATCH

Jan 24, 20:15
Manufacturing PMI (Jan)

Jan 24, 20:15
Services PMI (Jan)

Jan 25, 19:00
GDP (QoQ) (Q4)

Jan 25, 19:00
GDP Price Index (QoQ) (Q4)

Jan 25, 19:00
Core Durable Goods Orders (MoM) (Dec)

Jan 25, 19:00
Building Permits



The rupee kicked off the week touching its strongest level in over 3 months of 82.77, only to weaken towards 83.18 later in the week. On the last trading day of the week, the pair gained towards 83.05 again and ended the week at 83.06.

Analyzing the USDINR daily chart, a descending channel formation (yellow lines) is evident, showcasing lower lows and lower highs. This pattern suggests a potential for further rupee recovery. The 100-day EMA (white line) aligns with the recent onshore close at 83.055, while the 200-day EMA (blue line) is positioned at 82.69, closely matching the recent low of 82.77, flagging the next key support.

As the rupee is expected to gain, importers should start at a level below 83 to start hedging their exposure. Exporters who are still unhedged should target and cover their exposures at 83.15+ levels. Also, they should hedge with a combination of options and forwards.

Events to WATCH

Jan 24, 14:00

German Manufacturing PMI (Jan)

Jan 24, 14:30

Services PMI (Jan)

Jan 24, 14:30

S&P Global Composite PMI (Jan)

Jan 25, 14:30

German Ifo Business Climate Index (Jan)

Jan 25, 18:45

ECB Interest Rate Decision (Jan)

Jan 25, 18:45

ECB Marginal Lending Facility

It was a negative week for Euro as it fell almost by 0.47% this week, primarily influenced by a strong dollar index. The pair fell drastically initially but recovered towards the end of the week. Bullish economic data release like Building Permits, Retail Sales, and Jobless Claims, along with hawkish speeches from Fed members, reduced March rate-cut expectations. Coming to the European economy, the CPI came according to the market expectations. ECB President Lagarde, concluding her appearances at Davos, refrained from explicit comments on monetary policy. Throughout the week, ECB officials cautioned against excessive market expectations for rate cuts, emphasizing that overly optimistic markets may hinder the fight against inflation. Lagarde suggested a potential cut by summer, contingent on the absence of new inflationary pressures, and cautioned against aggressive rate cut bets. The overall outlook for the Euro remains bearish, as the economy is still in the recessionary pressures with the CPI still close to 2% target. US Q4 GDP, PCE Price Index, ECB's Interest Rate decision, and PMI data from both the US and Eurozone will be eyed for further cues. ECB however, is expected to keep interest rates unchanged, but future guidance will be crucial in shaping market sentiment.



At the beginning of the trading week, the Euro witnessed a notable decline but soon showed some recovery. Currently, it appears that the Euro is consolidating, bouncing between the 50-week and 200-week Exponential Moving Averages (EMAs). The market seems to be gravitating towards the 1.09 level, which has acted like a strong magnet during the last three days of the week. It's important to highlight that we're currently near the 50% Fibonacci retracement level from a recent significant downturn. This position has attracted plenty of attention, causing movements in both directions. Overall, the market seems to be establishing its range for the year, though the exact limits are not yet clear. Once these boundaries are defined, there will be ample trading opportunities. For now, it appears that long-term traders might need to wait while more active traders determine the market's direction.

Events to WATCH

Jan 24, 15:00
Services PMI

Jan 24, 15:00
Composite PMI

Jan 24, 15:00
Manufacturing
PMI

Jan 24, 16:30
CBI Industrial
Trends Orders
(Jan)

GBPUSD faced losses this week falling to 1.2596 but finished the week stronger at 1.2700. The data released from UK economy although showed strength the market focused majorly on earning data. Average earnings, which hit an almost eight-month low at 6.5%, played a significant role in triggering a sharp decline in GBPUSD. The inflation number came higher at 4% showing unexpected rise in inflation in the month of December due to Christmas spending. However on Friday a drop in the retail sales data to almost two year low has raised the risk of recession supporting the idea that the Bank of England will cut interest rates sharply this year. Markets currently indicate roughly a 50% chance the BoE may cut rates in May. The US data release however has been positive markets still paid more heed to the comments from FED member who slightly pushed back on the Interest cuts. The CME Fed Watch Tool shows that markets are pricing in a nearly 46% probability of rate cut in March down from the 77% probability earlier. This rising probability of rate cut by BOE and delay in the rate cut by FED may cap upward trajectory of the pair in the upcoming week.



The GBPUSD pair has been forming a descending triangle over the past month, finding consistent support around 1.2600. For further gains, the pair needs to close the week above the 21-day Simple Moving Average (SMA) at 1.2712, which is a current challenge. Overcoming this could target the descending trend line resistance at 1.2767. A decisive break here may lead to a rally towards the four-month high at 1.2828, with the potential to reach 1.2900. Conversely, if the Pound fails to hold its gains, a drop towards the 1.2620 support zone, coinciding with the 50-day SMA and triangle support, is possible. A daily close below this crucial support might lead to a test of the 200-day SMA at 1.2551, with further declines possibly reaching the December 13 low of 1.2500.

Events to WATCH

Jan 23, 08:00
BoJ Interest Rate Decision

Jan 24, 05:20
Trade Balance (Dec)

Jan 24, 05:20
Exports (YoY) (Dec)

Jan 24, 05:20
Services PMI

Jan 26, 05:00
Tokyo Core CPI (YoY) (Jan)

Jan 26, 05:00
CPI Tokyo Ex Food and Energy (MoM) (Jan)



The Japanese Yen saw a decline this week, reaching a nearly two-month low at 148.80 before closing the week at 148.16. On Friday, the release of the Consumer Price Index data for December in Japan indicated an anticipated easing of inflation. This aligns with market expectations that the Bank of Japan will maintain its ultra-dovish stance in the upcoming monetary policy meeting. The core inflation rate in Japan, excluding volatile fresh food prices, decelerated from 2.5% in November to 2.3%, marking the lowest level since July 2022. This, along with a consistent performance in equity markets and the rise in US bond yields due to robust macroeconomic data, has eroded the safe-haven appeal of the Japanese Yen. As a result, the currency faced pressure. On Tuesday the BoJ Interest Rate Decision will be revealed and the markets are expecting no major shift from its ultra-dovish policy keeping the currency under pressure.

USDJPY commenced the trading week at 144.87. Despite multiple attempts, the pair struggled to hold above 145 and faced resistance near the 50-Week EMA. Notably, the weekly candlestick chart signals a breakthrough above the 50 EMA (yellow line), suggesting a potential upward movement towards the 150 level. Key support and resistance levels are identified at the wicks of weekly candlesticks formed during the yen's ascent to 140 in November. Throughout the trading week yen has faced the pressure with the surge in US bond yields, leading USDJPY to achieve a weekly high of 148.80. A potential bullish scenario arises if we break above the top of the candlestick, potentially propelling the market to the 149.94-yen level and subsequently to the 151.52-yen level, as indicated on the chart. Moreover, momentum indicators point towards a sustained trend, with the pair displaying additional upside potential, further supported by the candlestick formation.





BLOG

FIVE USEFUL TIPS FROM EXPERTS IN MONEY MANAGEMENT FOREX

Money is the most precious asset to all individuals and companies alike. No matter what the financial status one would always wish to multiply the amount of money held. Forex markets are considered as the most lucrative market to multiply the amount of money held quickly, however little do people realize that money management skills are primary to achieve desired results by minimizing loss and mitigating risk.

Here are a few tips that can help you to improve your forex money management skills in the foreign exchange markets:

Avoid Being Too Aggressive

Anxiety, pressure, stress, adrenal rush and greed are some factors that people many a times carry while dealing in forex. Little do they realize that all these factors lead to an aggressive behavior which can be a bull causing damage. One needs to be very calm and composed and deal in foreign exchange like a scientist. Being aggressive exposes you to greater risk and might lead to losses instead of gains. The position size and the volatility level of the pair being traded should always be compared i.e. a more volatile pair should be traded in smaller positions to keep risk under control. Myforexeye helps the clients analyze and invest in the right manner.

Setting Realistic Targets

Foreign exchange markets are no magic, they work upon certain principles and hence being over aggressive and over expecting leads to negative results. Maintaining a conservative approach and having steady and realistic targets is the key to make money. Greed should never over power the reality and trading decisions should be taken on the basis of the dynamic environment in which these markets work and the trading rules. For an instance: making a 25% profit on a small investment at an early stage of dealing can be categorized as an unrealistic target, there might be people achieving such results but one should remember that the frequency of such events is less and people dealing are more aware and better equipped.

Minimize Losses

The markets do not run according to an individual's decision, they twist and turn according to the environment. The newton rule applied in such markets is to let the profits peak and try to mitigate losses. Once you see the losses coming it is better to close the position and exit the market instead of assimilating risk. Thus, one should understand the facts and take a temporary set back instead of a permanent fall.

Look out for exit points before you enter

A prudent person would always look out for emergency exits before entering into an unknown space. Thus, a person should always set an exit level target and loss level. That will help you to keep trade systematic and manage your money well. It will also help to mitigate risk.

Have a B – Plan

Future of a foreign exchange market is unknown. Thus, to be on the safe shore of the sea one should always have a B- Plan that will help in protecting the person from the worst-case scenarios and being at a better position.

Experts at Myforexeye work as a team to safeguard your money in the foreign exchange market and guide the clients in the right direction to make the best use of the investments held.



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

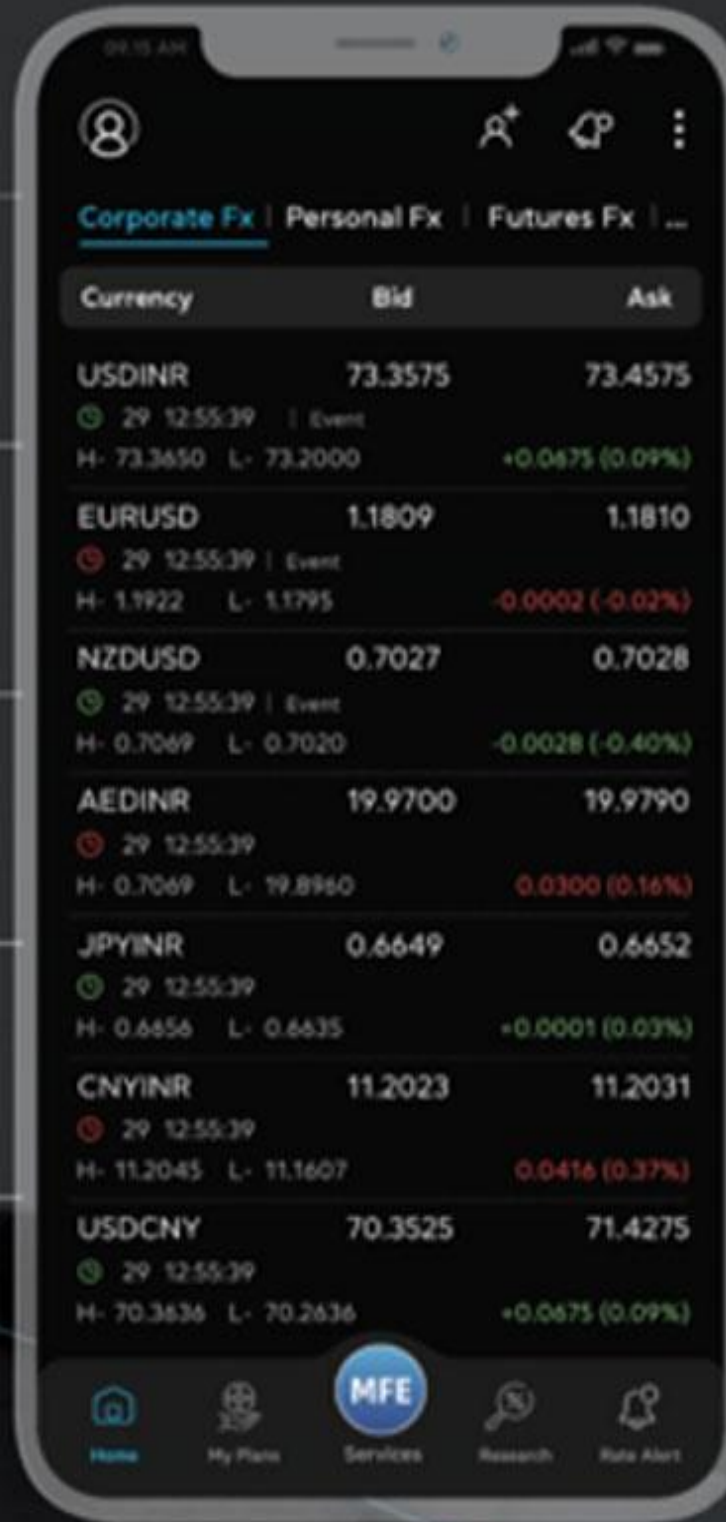
Set Rate alert for different types of transactions and know when the target rate has traded for the first time in forex market.

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. The table includes data for USDINR, EURUSD, NZDUSD, AEDINR, JPYINR, CNYINR, and USDCNY. Each entry shows the current bid and ask rates, along with high and low values and percentage changes. The bottom navigation bar includes icons for Home, My Plans, MFE (Services), Research, and Rate Alert.

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

FX on Call

Get the best rates as the dealers of Myforexeye do live negotiation with the Bank on a conference call, which includes the client too.

Order For Forex

This feature enables you to Buy/ Sell Forex and Transfer Money for any purpose.

Process Forex Transactions

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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