



Forex Market **Insights**  
Newsletter

Volume 46 → Nov 21<sup>st</sup> to Nov 25<sup>th</sup> 2022

# Exclusively for PDEXCIL members: Complimentary

## Myforexeye application access

\*Till December 2022



Scan this QR  
To Get the  
Myforexeye APP

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

Local unit weakened this week tracking the slight strengthening of the dollar

### € EUR

ECB President reiterated that they expect to raise rates further to levels needed to ensure that inflation returns to the 2%

### £ GBP

The constant rise in UK rising inflation drove expectations expecting massive Bank of England (BoE) rate hikes in the coming months

### ¥ JPY

The Bank of Japan continues to believe that it must maintain extremely low-interest rates

# Welcome

Dear Members,

Surprisingly strong retail sales data this week hammered home the idea that the Fed will tighten monetary policy further even though soft consumer and producer price pressures suggested inflation has peaked and would allow for lower rates. Three top policymakers in Europe also said the ECB must raise rates high enough to dampen growth as it too fights high inflation.

The market sees a recession next year as the yield spread between two- and 10-year Treasuries was -71 bps, an inversion of the yield curve that has not reached such depths since at least 2000. The impact of rising rates was felt in housing, where U.S. existing home sales tumbled for a record ninth straight month in October as the 30-year fixed mortgage rate hit a 20-year high. Next week key events include the FOMC minutes on Tuesday. US markets will not open on Thursday due to Thanksgiving Day. November Flash PMIs are due on Wednesday.

The ECB will release the minutes of the latest meeting on Thursday. On the domestic front India's forex reserve rose to \$544.72 billion in the week through Nov. 11. India's economy is expected to grow between 6.1% and 6.3% in the second quarter of the current financial year based on high frequency indicators and economic prediction models.

Thank You

Mahesh Sanil  
Executive Director

## CONTENTS

INR 2

USD 3

EUR 4

GBP 5

JPY 6

BLOG 7

## Events to WATCH

Nov 25 17:00

FX Reserves, USD

The Indian Rupee ended the week at 81.6850, local unit weakened this week tracking the slight strengthening of the dollar which rebounded from Wednesday's lows supported by hawkish tones by US Fed officials and the appeal for safe-haven assets jumped. However, the local unit was not helped by another decline in forward premiums which encourages importers to hedge positions and lowers the cost of buying dollars. USDINR's 1-year forward settled at 2.17% after testing a low of 2.10%, while the 6-month forward premium settled at 2.33%. The greenback gained momentum after as US Treasury yields rose and market participants eyed hawkish comments from Fed. The dollar index collapsed after US CPI for Oct'22 printed (on 10Nov) lower than expectations (7.7% increase YoY compared to a forecast of 8.0% increase).



It plunged a massive 5.1% (from 111 to 105.30) in 4 working days. Markets re-adjusted their US inflation expectations big time and consequently a re-alignment of dollar strength. India's foreign exchange reserves jumped to \$544.72 billion in the week through Nov. 11, showing their biggest weekly rise in more than a year. The reserves were at \$529.99 billion by Nov. 4. They are still low from around \$630 billion at the start of this year. Indian shares closed lower on Friday to log their 1st weekly plunge in 5 weeks amid fears that the US Fed will continue its policy of aggressive rate hikes. The Sensex ended down 0.14% to 61,663.48 and the Nifty dropped 0.2% to 18,307.65. Geopolitical tensions and the US Fed again being in hawkish mode keep Asian markets under pressure. USDINR is expected to trade in the range of (81.00 - 82.25) in the upcoming week.

# \$ USD

REPO RATE

4.0%

GDP

2.6%

INFLATION

7.7%

UNEMPLOYMENT

3.7%

TRADE BALANCE

-\$73.282B

## Events to WATCH

Nov 23, 18:30  
Building Permits

Nov 23, 18:30  
Building Permits  
(MoM)

Nov 23, 19:00  
Core Durable Goods  
Orders(MoM)(Oct)

Nov 23, 19:00  
Initial Jobless  
Claims

Nov 23, 19:00  
Durable Goods  
Orders(MoM)(Oct)

Nov 23, 20:15  
Services PMI (Nov)

Nov 23, 20:15  
Michigan Consumer  
Expectations (Nov)

Nov 13, 21:00  
Crude Oil  
Inventories



After recovering 2% in the previous week, our beloved Rupee remained under pressure this week and registered a decline of 1.1%, closing at 81.69 (18-Nov), positive economic data points from US and possible RBI dollar buying created pressure on the local unit throughout the week.

As USDINR price gaps generally fill, the price down gap formed at 81.55-80.975 (10-11 Nov'22) filled up this week. One down gap highlighted by pink horizontal lines, formed 82.43-82.325 (4-7 Nov'22) is yet to be filled. USDINR started at 80.52 (14-Nov) with a breakout below the 89-Days (Simple Moving Average) but managed to settle at 81.26 on the same day. The region of 83.00-83.29 (all time low) seems to be a major resistance.

On the daily time frame momentum indicator MACD giving marginal bullish signal while RSI is giving a mixed signal. 80.00-80.30 gap formed (21-22 Sep 22) highlighted by blue horizontal lines is yet to be filled and 89 days SMA (80.69) is nearby, this region seems to be a major support.



## Events to WATCH

Nov 23, 14:30  
Manufacturing PMI (Nov)

Nov 23, 14:30  
Services PMI (Nov)

Nov 23, 14:30  
S&P Global Composite PMI (Nov)

EURUSD trades below 1.0350 in the US session. Wall Street's main indexes opened with a soft tone while their overseas counterparts trimmed a good bunch of their early gains. In the absence of high-tier data releases, Fed speech will be eyed for fresh clues. EURUSD has been in a mixed move in either direction and fluctuating in its weekly range above 1.0300 in the end of the week. European Central Bank President reiterated that they expect to raise rates further to levels needed to ensure that inflation returns to the 2% medium-term target. He further added that the balance sheet is normalized in a measured and predictable way and didn't allow the Euro to gather strength. The US data reported that Housing Starts and Building Permits declined by 4.2% and 2.4%, respectively, in October. With these figures reminding investors of the downturn in the housing market, USD lost its bullish momentum and helped EURUSD limit its losses.



EURUSD remains choppy and manages to pick up some pace and leave behind Thursday's downtick. The continuation of the recovery hinges on a breakout of the key 200-day SMA at 1.0411. Once cleared, the pair could then challenge the November top at 1.0481. North from here emerges the round level at 1.0500 prior to the weekly peak at 1.0614. The RSI indicator on the four-hour chart is edging lower toward 50 and EURUSD is trading below the 20-period (SMA), suggesting that buyers are losing interest in the pair. Additionally, the pair is yet to return within the ascending regression channel after having dropped below it on Thursday. On the downside, 1.0300 the psychological level, static level aligns as interim support ahead of 1.0250 50-period SMA, Fibonacci 23.6% retracement of the latest uptrend. In case the latter support fails, sellers could take action and drag the pair lower toward 1.0200 of psychological level. Initial resistance is located at 1.0400 the psychological level, static level before 1.0450 end-point of uptrend and 1.0500 of psychological level.

## Events to WATCH

Nov 24, 15:00  
Manufacturing PMI

Nov 24, 15:00  
Services PMI

Nov 24, 15:00  
Composite PMI

The GBPUSD continued its recovery rally from the last week, reaching its highest point in three weeks at 1.2025 during the first half of the week. In anticipation of Thursday's crucial fiscal budget plan, speculators of the British Pound currency remained cautious at the start of the week. GBPUSD was able to hold onto some of its early gains thanks to the continuously weak US Dollar and the booming Consumer Price Index (CPI) measure of the British economy. Lacking important US economic data, the pair was still driven by the general market mood as risk flows reappeared and drove the GBPUSD to three-month highs over the 1.2000 level. The constant rise in UK rising inflation drove expectations expecting massive Bank of England (BoE) rate hikes in the coming months. On Friday, the cable pair moved back into the green as the USDJPY sell-off caused the US Dollar to lose some of its recovering momentum. The United Kingdom Retail Sales statistics for October were mixed, but the volatile price movement in the US Dollar persisted, leaving GBPUSD in a typical range at around 1.1900.



The British currency initially tried to rally during the trading week and reached its highest level in three weeks despite a pause in the upside momentum, the Pound booked the 2nd straight weekly gain but found the 1.20 level to offer resistance. At this point, the market is likely to see a slight hesitation, but at this point it's difficult to say where market will move at this point. On the daily chart previous resistance of 1.1750 now would play a role of major support, breaking of these levels could push the pair towards its 50 days SMA – 1.1365-70. Momentum indicator MACD giving mixed signal while RSI trading at 61, which is considered to be an overbought zone, pullback is expected.



# ¥ JPY

REPO RATE

-0.10%

GDP

0.3%

INFLATION

3.7%

UNEMPLOYMENT

2.6%

TRADE BALANCE

¥ -2162B

## Events to WATCH

Nov 24, 18:00  
Manufacturing  
PMI (Nov)

Nov 24, 18:00  
Services PMI

Nov 25, 17:00  
Tokyo CPI (YoY)  
(Nov)

Nov 25, 17:00  
Tokyo Core CPI  
(YoY) (Nov)



The US dollar declined to reach the weekly lowest level of 137.664 but the pair corrected 1.11% compared to the previous week. The fundamentals must be monitored by the market. The Bank of Japan continues to believe that it must maintain extremely low-interest rates, hence the fundamentals indicate that the yen will be weak. In order to purchase bonds, they print an endless supply of yen. If that continues to be the situation, it will likely be at a disadvantage. In the end, I believe the US dollar will continue to strengthen because global economic prospects are, at best, precarious. Furthermore, the Federal Reserve is still being significantly more active with this tightening approach than other central banks, even though it may only raise interest rates by 50 basis points at the December meeting. In the case of Japan, one of the few major central banks in the world with a somewhat active quantitative easing program, this is particularly true. The market will also be looking at US Initial Jobless Claims and New Home Sales (Oct) numbers.

The USDJPY traded this week sideways but appreciated slightly and closed at the 140.376 level at the end of the week. The pair also touched the weekly low of 137.664 level. Now, the eyes will be on further appreciation if the pair rebounds. If the pair recovers it could touch the top at the 50-day Moving Average of 143.80. The support level will be the 137.664 level in case of further depreciation. The MACD line was moving below the signal line but turned towards it, which shows a crossover can be expected. MACD line is taking support and it may reverse towards the signal line. The pair ended the month at 140.376 showing price behavior is slightly upward. The Relative Strength Index has turned from the lower band towards its 14-day RSI's simple moving average indicating the beginning of recovery.



**PDEXCIL**





# BLOG

## Challenges Of Forex Trading You Should Know

### Major Challenges of Forex Trading

**Unlimited Leverage:** Forex traders often borrow a certain amount of money from brokers to control or maintain large currency trading positions with low capital. Many traders use margin-based leverage, which is expressed in a ratio such as 100:1. For example, you can trade one standard lot of \$1, 00,000 with a margin of \$1,000. This ratio can go up to as high as 400:1 with a margin of 0.25%. However, one should carefully look at leverage levels to maintain safe and steady profits.

**Trilogy of Risks:** When a forex trader considers expanding a particular currency portfolio, one must think at the macroeconomic level. The currency exchange rate is highly volatile, depending on the government policies, agreements, political conditions, economy, and geopolitical events. The first risk in the trilogy is Interest Rate Risk. The forex prices can change depending on the country's interest rates spike or fall.

**Unregulated And Limited:** Although the forex market has high trading volumes, there is no international regulatory body that manages currency trading worldwide.

In the USA, CFTC and NFA regulate forex trading. In India, authorities such as RBI and SEBI regulate forex trading. However, there is only limited scope for forex trading in India as only seven currency pairs such as US dollar, INR, EURO, and UK Pounds are legal to trade in India. The base currency for trading in India also needs to be INR.

### Top 5 Reasons Why Forex Traders Lose Money and Fail

**Poor Discipline and Planning:** Never allowing losses to control your emotional intelligence is the first step to an established discipline in forex trading. The goal is to accrue large gains by letting off small and consecutive losses. With customized risk management strategies and expected ROI plans, one can plan their trading day to mitigate common downfalls, thereby accomplishing more.

**Unhealthy Relationship with Market:** Aggressive trading without following or understanding the market can wipe out your portfolio to the lowest point possible. Having scenario analysis and following reactive strategies for every market fluctuation can alleviate the risk and mitigate unexpected losses.

**Lacking technical knowledge:** Before becoming a forex trader, it is necessary to gain the understanding and language relating to the currency market. With multitude of trading apps and forex courses available online with custom schedules, it has never been easier.

**Low Money Management and Unrealistic Expectations:** Knowing how to trade with the right strategies and having less risky asset allocations can improve your money management. Accumulating profits in the forex market is like a marathon of failures which eventually arrives at success. Having unrealistic expectations of getting rich in seconds of exchange rate fluctuations leads to crippling losses.

**Trial and Error to the Learner:** By listening to other people's forex failure stories or through trading education, one can master forex trading. Learning from your own mistakes and mistakes of other significant traders with a note-worthy trading record, one can get on track efficiently even better when you add your practice hours. It helps to reduce the challenges of forex trading.



# 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 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

## 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.



Gaurav/Prabjeet  
8860663372 / 8860646603  
advisory@myforexeye.com



Ms. Lavany Saxena  
9892886912  
pdexcilmumbai@gmail.com