



Forex Market **Insights**  
Newsletter

Volume 48 → Dec 3<sup>th</sup> to Dec 09<sup>th</sup> 2022

# Exclusively for PDEXCIL members: Complimentary

## Myforexeye application access

\*Till December 2022



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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

The beloved rupee gained to 80.98 (01-Dec) after which it bounced back to the level above 81

### € EUR

Nonfarm Payrolls report was released on Friday caused the EUR/USD to decline towards 1.0427

### £ GBP

GBP/USD in regaining the 1.2300 level for the first time in six months.

### ¥ JPY

The Bank of Japan is under a lot of pressure if yields start to climb once more

# Welcome

Dear Members,

November turned out to be a defining moment for global currencies with dollar tumbling and all other currencies staging a substantial recovery. Dollar's collapse started with US inflation (Consumer Price Index Oct'22) printing lower than market expectations and the subsequent decline in bond yields.

US Fed chief Jerome Powell's less than hawkish comments on future inflation/interest rate trajectory added more fuel to the 'collapsing dollar' fire. Cooling inflation in the US lead to large scale re-adjustments in the global financial markets on their pre-conceived high inflation notion that was till now driving dollar strength. Most of the international major currencies recouped significantly and so did major Asian currencies.

Rupee recovered too, albeit marginally. Quite a bit of a puzzle that the Indian Rupee did not match up to the gains of other currencies (both global as well as Asian). Our Central Bank must be doing their tricks. Such volatility necessitates prudent forex risk management strategies and risk hedging becomes imperative to protect bottom lines.

Thank You

Mahesh Sanil  
Executive Director

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## Events to WATCH

Dec 05,10:30  
Nikkei Services  
PMI (Nov)

Dec 07,10:00  
Cash Reserve  
Ratio

Dec 07,10:00  
Interest Rate  
Decision

Dec 07,10:00  
Reverse REPO  
Rate

The USDINR pair started this week at 81.77 (28-Nov) followed by the high of the week at 81.83 on the same day. The beloved rupee gained to 80.98 (01-Dec) after which it bounced back to the level above 81 and sustained for the remaining part of the period and managed to settle at 81.3175 (02-Dec). The Sensex plunged 415.69 points to 62,868.5, while the broader index Nifty lost 116.05 points to 18,696.45. The 10-year bond yield up 1 bp at 7.22% against previous close of 7.20%, after a weaker than expected demand at weekly debt auction. The weak US data and the moderation in the US inflation contributed to the decline in the dollar. The rupee's performance was well short of other Asian currencies. The Chinese yuan, the Korean won and the Malaysian ringgit were up from 1.5% to 2.5% last week.



The underperformance of the rupee reflects how less volatile our local unit is relative to other currencies. If the dollar's current downtrend reverses, the Indian rupee will fall less than the rest of Asia. Forward premiums in the rupee continued to drift lower with the 1-year yield declining to nearly 1.90%. Due to the downtrend in US and India interest rate differentials alongside likely buy/sell swaps by the central bank in near-term forwards pushed premiums to levels last seen 11 years back. All the major currencies across the board recovered due to the weakness in the greenback. the dollar index plunged from 113.15 (03-Nov) to 105.85 (25 Nov) almost 6.45%. Nonfarm Payrolls in the US climbed by 263k in Nov, this reading came in much higher than the market expectation of 200k. Oct reading got revised higher to 284k from 261k.



## Events to WATCH

Dec 05, 20:15  
Services PMI  
(Nov)

Dec 05, 20:15  
S&P Global  
Composite PMI (Nov)

Dec 05, 20:30  
Factory Orders  
(MoM) (Oct)

Dec 05, 20:30  
ISM Non-  
Manufacturing PMI  
(Nov)

Dec 06, 19:00  
Trade Balance (Oct)

Dec 09, 19:00  
PPI (MoM) (Nov)



It was another week of range bound trading for the rupee except on 30Nov – 1Dec when USDINR opened gap down (highlighted by grey horizontal lines) by 35 paise. A broad range of 81.00 – 81.70 held for most parts of the week. Do recall that in the same week, Chinese Yuan gained 3% while the dollar index declined 2.3%. Our beloved rupee remains unfazed.

In the daily candlestick chart, old price gaps continue to remain unfilled – observe the pink and blue horizontal lines. Price gaps in USDINR usually fills up – an indication that we could witness two-way volatility. An upward moving trendline (red colour) connecting the previous dollar lows comes around 80.90 – 81.00. The 89-day simple moving average (SMA), which has been an important indicator of turning points in the past, is at 80.90. Trendline and the SMA suggests that the region around 80.80 – 81.00 could be an important support area. The momentum indicators of MACD (5,35,5), 14-day RSI and Slow Stochastics are neutral.

For an extended period, exporters have enjoyed good levels to hedge and capitalize. Spot around the 81 mark are good levels for importers to start hedging. Strong recommendation to use vanilla options to hedge. Options volatility are close to its lowest levels in 3 months and hence option premiums will be quite cheap. Diversify risk by using simple forwards as well – forward premiums on USDINR are close to multi-month lows and just around 2% annualized, making forward rates reasonably palatable.



## Events to WATCH

Dec 05, 14:30  
Services PMI  
(Nov)

Dec 05, 15:30  
Retail Sales  
(MoM) (Oct)

Dec 07, 15:30  
GDP (QoQ) (Q3)

The EURUSD pair got off to a great start in December, rising to a new five-month high of 1.0544. Following a speech by US Federal Reserve (Fed) Chair Jerome Powell at a private event hosted by the Brookings Institution, the US Dollar made an attempt to regain some ground at the beginning of the week but came under intense selling pressure. The release of the Nonfarm Payrolls report on Friday caused the EUR/USD to decline towards 1.0427. The US Labor Department stated that 263,000 new jobs were added in November, and it revised the October number upward to 284,000. As anticipated, the Unemployment Rate remained at 3.7%, however it is important to note that the Participation Rate decreased to 62.1% from 62.2%.



The euro has rallied significantly to restore the 1.05 level, which is a large, round, psychologically significant level and registered a gain of more than 5% in November month and is now comfortable trading above 200 days SMA which is indicating a bullish momentum to remain in the near term. The EURUSD pair managed to settle at 1.0538, regardless of the USD sharp appreciation post-NFP, it seems unlikely US Fed will change their minds and pull the trigger for another 75 bps in Dec. EURUSD bounced back, aiming to end the week with substantial gains. It indicates the market overreacted while profit-taking ahead of the weekend exacerbated the move. On the other hand, if we broke 200 days SMA which is around 1.0375 might take the pair towards the 1.03 level. I think bulls will remain interested in buying unless we see some major positive news for the dollar as we are seeing a strong volume of buying in this pair since the beginning of Nov month. On the daily time frame momentum indicator gives a bearish signal as RSI is trading at 68 which is considered to be an overbought zone but MACD and signal lines are converged.

## Events to WATCH

Dec 05, 15:00  
Composite PMI  
(Nov)

Dec 05, 15:00  
Services PMI  
(Nov)

Dec 06, 15:00  
Construction PMI  
(Nov)

The United States Dollar (USD) has continued to fall, and the risk-on market environment has helped GBP/USD to continue its winning streak of four weeks. The US Federal Reserve's (Fed) and the Bank of England's (BoE) differing monetary policies have considerably narrowed, giving the bulls of the pound sterling more energy. In November, the US dollar had its worst month since September 2010, and the weakness continued into the first few days of December, which allowed GBP/USD to maintain its current bullish trend. At the beginning of the week, there was considerable demand for the US dollar due to significant risk-off movements caused by concerns about China's Covid. In addition, a variety of conflicting high-level US economic data pointed to an unfavorable state of the US economy, aggravating the US Dollar's suffering while assisting GBP/USD in regaining the 1.2300 level for the first time in six months. Due to the relatively calm data week for the British Pound, bulls of the Pound Sterling have continued to benefit from the risk-on mood. Additionally, the disparity between the Federal Reserve's policy tightening outlook and that of the Bank of England (BoE) was reduced, maintaining the upbeat atmosphere surrounding the Cable.



Sterling remained on the front foot since the beginning of this week and settled at 1.2287. GBPUSD extended its 4-week winning streak besides sustained USD weakness and risk-on market sentiment. The divergence in monetary policies between the US Fed and the BoE somewhat narrowed, providing extra zest to the Sterling bulls. Attention now turns toward a relatively light week ahead, with a set of US events on the cards. GBPUSD's near-term technical viewpoints to a bullish bias as the pair continue to trade within the ascending channel also holding comfortably above the 200-Daily MA. The Relative Strength Index on the daily chart holds well above 60. On the upside, 1.2300 (psychological level) will be a strong resistance. Also, we are seeing huge buying in the pair since mid-Oct while MACD giving mixed signals.



# ¥ JPY

REPO RATE

-0.10%

GDP

-0.3%

INFLATION

3.7%

UNEMPLOYMENT

2.6%

TRADE BALANCE

¥ -2162B

## Events to WATCH

Dec 05, 06:00  
Services PMI  
(Nov)

Dec 08, 05:20  
GDP (QoQ) (Q3)



The USDJPY pair started the week at 139.164 levels and depreciated 3.47% and closed at 134.332 levels compared to the previous week's close. Most of the week has seen the US dollar decline versus the Japanese yen, but the Friday session was a completely different story because the employment report came in considerably hotter than expected. Given that, it shouldn't come as a surprise that the 133.622 level has provided support. A lot of this is going to depend on how the markets are acting overall since if the US dollar starts to strengthen significantly, it's probable that it may also impact this pair. Remember that the Bank of Japan continues to manage the yield curve, so most of what you are seeing here is going to be a response to the global bond markets. The Bank of Japan is under a lot of pressure if yields start to climb once more. If they decline, the yen may be able to gain some ground against the dollar once more.

The USDJPY traded this week in a downward trend and closed at 134.332 (- 3.47%) level compared to the previous week's close. The pair also touched the low of 133.622 level. Now, the eyes will be on the further movement of the dollar index. If the pair rebounds it could reach the top at the 50-day Moving Average of 142 levels. As the previous major support at the 137.664 level has been broken, the next support must be at the 131.736 level and the resistance at 139.897 if the pair recovers. The MACD line continued to fall below and move away from the signal line which may expect a further divergence. If the MACD line takes support then it may reverse toward the signal line. The pair ended the month at a lower level compared to the previous week which shows the price behavior is in a downward trend. The Relative Strength Index is falling below and moving away from its 14-day RSI's simple moving average which indicates less support for the pair.







# BLOG

## Beginner's Risk Management Strategies For Forex Trading

**Gather The Know-How of Forex Market-** Being a currency hub, the forex market is controlled by the simple economic fact of supply and demand. Therefore, as a first-timer, collecting ample knowledge about forex trading on the different markets within it is necessary to ensure you do not fall prey to unannounced losses. Just remember these few things to begin.

**Use Demo Account-** The effectiveness of practicing with the demo account before going full in for forex trading lacks the acknowledgment it deserves. The demo account lets you trade in the same market environment but without the risk of money losses. It is necessary to help you build the confidence you need to begin real trading.

**Fix A Risk-Reward Ratio-** The strategy of analyzing and setting a risk to reward ratio for your trade is highly necessary to avoid losing big. The main goal behind this strategy is to ensure you make every trade worth it for your bank account. It does not guarantee of profit, but it does reduce the chances of losses greatly.

**Watch The News-** Analysis plays a major role in deciding the potential future of any currency

trade. So, it is very important to keep an eye out on the different market announcements, political declarations, etc., as they might have an impact on the prices of the currencies you have invested in.

**Set Your Risk Tolerance-** You need to enter forex trading with a brave heart as it can get a little stressful. So, another risk management strategy to better plan your profits and losses is to set a risk tolerance for yourself before you begin. It is necessary to ensure you sleep better and feel confident about your financial position, even after trading.

**Begin With Low Leverage-** Whether you are a beginner or a habitual forex trader, whenever you begin to invest in a new currency, it is always recommended to keep your investment low in the beginning.

This is important as, given the volatility of the forex markets, going in big can result in both a major win and a serious loss. Once you are comfortable and you understand the nature of the currency, you can begin increasing your leverage amount.

**Be Consistent-** The key thing to remember is to not get too ambitious too soon. In simpler words, do not start investing big and increasing the size of your positions as soon as your profits increase. This will directly impact the risks attached with big trades. Always set an investment percent per trade for the initial time to ensure you better manage your profits and losses.

Overall to conclude, if you are looking to begin forex trading, keep in mind the above-mentioned risk management strategies to start on the right foot.

For necessary market updates and central announcements, there are multiple online platforms that keep you well-informed. Myforexeye is one such platform that is committed to resolving all your forex-related questions and concerns to prepare you well to begin trading with a strong foundation and the most updated knowledge.





# 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

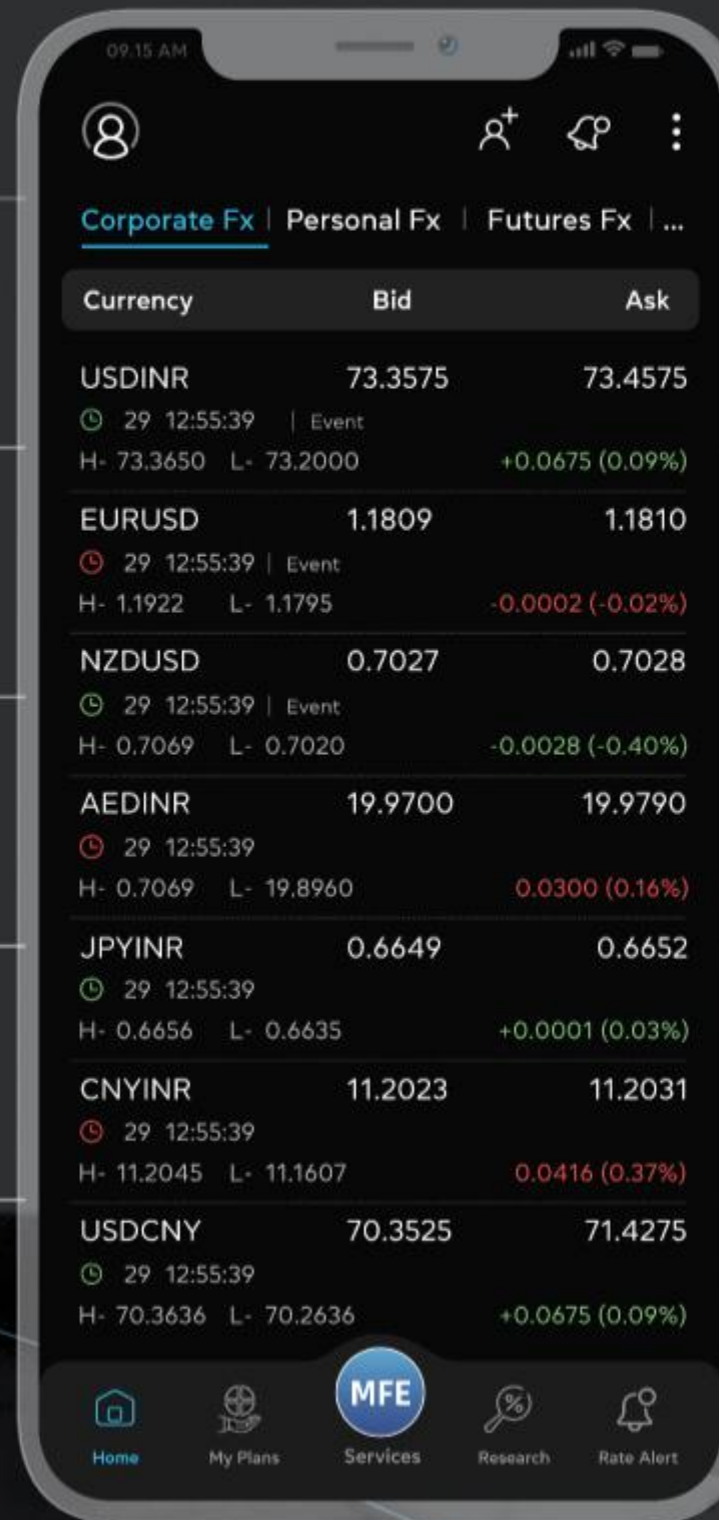
Set Rate alert for different types of transactions and know when the target rate has traded for the first time in forex market.

## 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 rate, high/low for the day, 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