



Forex Market **Insights**  
Newsletter

Volume 53 → Jan 07<sup>th</sup> to Jan 13<sup>th</sup> 2023

# Exclusively PDEXCIL members: Complimentary

## Myforexeye application access

\*TILL MARCH 2023



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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%)

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# Welcome

Dear Members,

The payrolls rose by 223K while the unemployment rate fell to 3.5% and average hourly earnings eased 0.3% in December. Job openings edged down to 10.46 million in November. ISM manufacturing fell to 48.4 in December, while the services index unexpectedly dropped to 49.6. Construction spending increased 0.2% in November. The U.S. trade deficit narrowed to \$61.5 billion in November.

Next week the data awaited are Small Business Optimism on Tuesday, CPI numbers on Thursday, Consumer Sentiment on Friday. The minutes from the Fed's latest policy meeting in December were released on Wednesday and highlighted a mildly-hawkish to neutral tone from Fed officials headed into last month's meeting. It is expected rates to remain higher for longer. As the Fed continues its inflation fight, elevated mortgage rates have crushed affordability for potential homebuyers.

Some of that optimism has undergone a bit of a reset due to firmer wages numbers which do appear to offer some two-way risk to a narrative that wants to see the FOMC slow the pace of rate hikes to 25bps when they next meet on February 1st. On the domestic front, the rupee has been in a range of 82.40 to 82.94 range since mid-December, possibly due to intervention by the Reserve Bank of India and persistent demand for dollars.

Thank You



## Key Takeaway Summaries

### ₹ INR

Indian rupee weakened 0.20% and ended the week at 82.72 per dollar amid a selloff in local equities

### € EUR

the EUR/USD pair fell precipitously, trading at about 1.0644 just before the closing.

### £ GBP

GBP/USD pair lose roughly 200 pips after a week of temporary relief, as Pound Sterling bulls failed in the wake of a strong return by the US Dollar

### ¥ JPY

The US dollar versus the Japanese yen, it largely settled in the middle of the range.

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## Events to WATCH

Jan 12, 17:30  
Manufacturing Output (MoM) (Nov)

Jan 12, 17:30  
CPI (YoY) (Dec)

Jan 12, 17:30  
Industrial Production (YoY) (Nov)

The Indian rupee weakened 0.20% and ended the week at 82.72 per dollar amid a selloff in local equities and as the DXY climbed after strong US data overnight fanned expectations of further monetary tightening from the US Fed. The Sensex fell 452.9 points to 59,900.37, while the Nifty dragged 128.75 points to 17,863.4 with market participants nervous ahead of the earnings season after recent warnings by some major companies. The 10-year bond was yielding up 5 bps at 7.37% vs the last close of 7.32% as debt sale boosted supply, but remained little changed for the week with participants waiting for fresh economic cues.



As long as the broad range of 82.20-83.20 is not taken out, the pair is likely to trade in the narrow band. The pressure on the local unit was likely to sustain due to a high current account deficit and the currency may underperform against peer Asian emerging market currencies. The non-farm payroll came at 223k which was higher than the expected figure of 200k. The robust US labour market is likely to give a boost to US Fed in defining the upcoming interest rate trajectory.

# \$ USD

REPO RATE

4.5%

GDP

3.2%

INFLATION

7.1%

UNEMPLOYMENT

3.5%

TRADE BALANCE

-\$61.511B

## Events to WATCH

Jan 12, 19:00  
CPI (MoM) (Dec)

Jan 12, 19:00  
Core CPI (MoM) (Dec)

Jan 12, 19:00  
CPI (YoY) (Dec)

Jan 12, 19:00  
Initial Jobless Claims



The same old trading range for USDINR continues. New year failed to bring about any change in the direction or range of our beloved Rupee. For an entire month, the high of 82.94 and low of 82.40 has been holding quite well. Converging USDINR trading range has narrowed the Bollinger Bands. Have a look at the daily chart below. History has shown that narrowing Bollinger Bands is followed by a large breakout in the trading range.

To evaluate the direction of breakout, let's also check out the weekly chart. A Doji kind of candlestick pattern is formed this week – small body with longer upper and lower shadows. Doji implies confusion and indecision. A double top formation is also seen – first top around 82.93 – 83.29 and the second top at 82.93 – 82.94. In an uptrend, a double top indicates a critical resistance zone and suggests an impending trend reversal. Neckline of the double top is around 80.50. My sense is for a rupee recovery. As long as the all-time low (of 83.29) is not breached, we could see a rupee revival.

Exporters should continue to increase their hedge ratios using simple forwards. Low forward premiums could be a discouragement, but the spot is reasonably high. Importers should use vanilla options to hedge risk. USDINR options volatility is close to multi-month lows and as such option cost will be quite cheap. Exporters can also use vanilla options (in addition to forwards) to diversify risk.

## Events to WATCH

Jan 09, 12:30

German Industrial Production (MoM) (Nov)

Jan 09, 15:30

Unemployment Rate (Nov)

Jan 13, 15:30

Industrial Production (MoM) (Nov)

In the first week of 2023, the EUR/USD pair fell precipitously, trading at about 1.0644 just before the closing. After surging for three consecutive months, EUR/USD started a correction phase. Without a clear reason, the US Dollar rose on Tuesday before plummeting the next day in a similar manner. Following the release of the minutes from the December meeting of the US Federal Open Market Committee (FOMC), which was later supported by encouraging employment-related statistics from the US, the USD finally gained bullish



momentum on Wednesday. Price pressure is something that the European Central Bank (ECB) is also worried about. It is important to keep in mind that, despite falling from a multi-decade high, inflationary pressures are still significantly higher than central banks' target levels of 2%. The official ISM Manufacturing PMI in the United States decreased to 48.4 in December, while the ISM Services PMI decreased to 49.6, which was significantly worse than expected and put light pressure on the dollar ahead of the weekly close.

EUR/USD accelerates its losses and drops to multi-week lows south of the key 1.0500 barrier on Friday. If sellers push harder, then the pair could extend the decline to, initially, the weekly low at 1.0443 (December 7) prior to the 55-day SMA at 1.0365.

In the meantime, further gains remain in store for the pair while above the 200-day SMA at 1.0311.

Resistance: 1.0596, 1.0672, 1.0712

Support: 1.0480, 1.043, 1.0363

## Events to WATCH

Jan 13, 12:30  
Manufacturing  
Production  
(MoM) (Nov)

Jan 13, 12:30  
GDP (QoQ)

Jan 13, 12:30  
GDP (YoY)

Jan 13, 12:30  
GDP (MoM)

GBP/USD concluded the first week of 2023 in the red as the 1.2000 level dropped out amid a continuation of the most recent decline. The US Federal Reserve (Fed) projections have become more hawkish, which has re-energized the US Dollar bulls. The beginning of 2023 saw the GBP/USD pair lose roughly 200 pips after a week of temporary relief, as Pound Sterling bulls failed in the wake of a strong return by the US Dollar against its main competitors. A holiday on Monday in the UK and the US made up for a week with less working day, which was dominated by strong US economic releases in the later part. On the other hand, ongoing economic issues continued to weaken the pound sterling, while UK rail strikes continued into the New Year. All eyes are now focused on the US Consumer Price Index (CPI), which will be released next Thursday, as fundamentals are once again on the radar for market participants. The mood of the markets in the upcoming weeks will be set by the US inflation report. Prior to that highly important macro data, Cable traders will be keeping an eye on US Federal Reserve President Jerome Powell's address on Tuesday.



GBPUSD finished the first week of 2023 in the red as the 1.2092 level lost way amid a continuation of the most recent downturn. The US Federal Reserve (Fed) expectations have become more hawkish, which has re-energized the US Dollar bulls. Looking at daily chart 1.2301 (presented on green horizontal line) now seems to be a near-term resistance breaking of these levels could open the doors towards 1.24 while on the downside 1.1841 (showed in red horizontal line) would play the role of support which was the previous resistance. The relative strength index (RSI) signal remains neutral below 50 level. MACD is indicating convergence with signal line with dried up red volume candles which give mixed signal.

# ¥ JPY

REPO RATE

-0.10%

GDP

-0.2%

INFLATION

3.8%

UNEMPLOYMENT

2.5%

TRADE BALANCE

¥ -2027B

## Events to WATCH

Jan 10, 05:00  
Household Spending (YoY)  
(Nov)



In a very erratic week for the US dollar versus the Japanese yen, it largely settled in the middle of the range. I do think that in this situation there will be a lot of frantic trading in the market, and it appears that we are attempting to carve out a range between 130 on the bottom and 135 on the top. If that turns out to be the case, then I believe the market will likely continue to fluctuate inside this 500 pips trading area. Looking at the scenario, it appears that there is still much work to be done in both directions, but a break above the 135 level for the pair would undoubtedly be a bullish indication. At that point, we might maintain the general upward trend and move higher, possibly ascending as high as 140. In the end, this is a situation where we are on the verge of making a choice, but we will have to wait and see what that choice is since everything depends on the Federal Reserve and where they are headed. Yields in Japan seem to be increasing a little, which could drive the yen's value down.

The USDJPY opened at 131.101; gained some levels; just crossed the previous week's high to reach 134.778 level. The pair closed at 132.094 (+0.76%) level compared to the previous week's close. The pair also touched the low of 129.508 level. If the pair moves upward it could reach the top at the 50-day Moving Average of 137.10 levels. The first resistance level must be remaining the same at 134.50 as it is already tested during the week. The second resistance level must be at 137.478 level in case the first level breaks. The support must be at the 129.508 level in case the pair depreciates. The MACD line is moving and has crossed upward the signal line. It may further move parallel to the signal line. The pair ended the month at a higher level compared to the previous week's close but the price behavior steered to consolidate further. The Relative Strength Index moved up but turned back to its 14-day RSI's simple moving average on the last trading day which indicates consolidation to the pair.







# BLOG

## How Does The Currency Market Affect The International Trade?

### What causes forex market fluctuations?

The forex market is highly volatile, wherein the participation of various entities such as commercial banks, forex traders, hedge funds, central etc., from all over the world make up a daily trading volume of over \$5 trillion. Foreign currencies are bought and sold in the forex market by individuals or corporations depending upon their needs and goals and for various purposes ranging from currency hedging to online forex trading. The far-reaching impact of the foreign currency exchange rate fluctuations reaches all the forex transactions irrespective of their scale, whether it be international trade, overseas money transfer, or currency exchange for overseas travel.

### Effects of exchange rates on the economy:

The most prominent impact of currency fluctuations can be seen in international trade, wherein a depreciating currency stimulates exports by making it relatively inexpensive and hampers import by making it expensive. This works towards decreasing the country's trade deficit, whereas on the other side, an appreciating currency can harbour opposite outcomes, with imports becoming cheaper and exports expensive, effectively widening the trade deficit.

**Balance of payments** – Current account deficit refers to the situation where a country's imports exceed its exports. In this scenario, decreased value of the currency can boost exports due to it becoming inexpensive and reduce imports shrinking or offsetting the current account deficit.

**Inflation rates** - One of the major determinants of exchange rates is inflation, wherein a country with low inflation might witness an increase in the value of its currency compared to others, whereas high inflation in countries can severely hamper the purchasing power of its citizen and the value of its currencies, thus witnessing a fall in the exchange rates.

**Interest rates**- A country with higher interest rates witnesses foreign investment and cash inflows in its economy, causing an increased demand for its currency and the currency's value will rise with it. In contrast, a country with a lower interest rate might not be attractive to foreign investors leading to cash outflows, and the exchange rate will drop.

It's crucial to have proper knowledge and understanding of how the currency market affects your businesses, especially when you are involved in international trade. Myforexeye is your one-stop destination to get updates on live forex rates and forex markets.

Our expert team's guidance can improve your understanding of the forex know-hows and enhance security against **forex risks** and savings from forex transactions with services like **transaction process outsourcing**. Especially when it comes to fortifying your business from exchange rate movements to protect your profits, the right **forex risk management** strategy can go a long way, provided by our **Dr Forex** service with hedge recommendations and research-based forex reports.

### Conclusion

Myforexeye is your destination to get all your forex needs resolved, whether it be individual or organization and irrespective of their scale. Our Specialized team is armed with advanced technology and the expertise of experienced professionals to provide convenient solutions that simplify forex for you while dispensing important information and quality research. Our user-friendly web portal and mobile app reinforced by our transparent streamlined process and service empower users to make savings and insight into real-time rates and best quotations from banks to equip you with the best possible options.



# 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 timestamp (29 12:55:39) and an 'Event' label. The rates are as follows:

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

The bottom navigation bar includes icons for Home, My Plans, Services (MFE), Research, and Rate Alert.

## 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.



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