Myforexeye
Simplifying Forex

PDEXCIL

Forex Market Insights

Newsletter

Volume 143 → Sep 28th to Oct 04th 2024

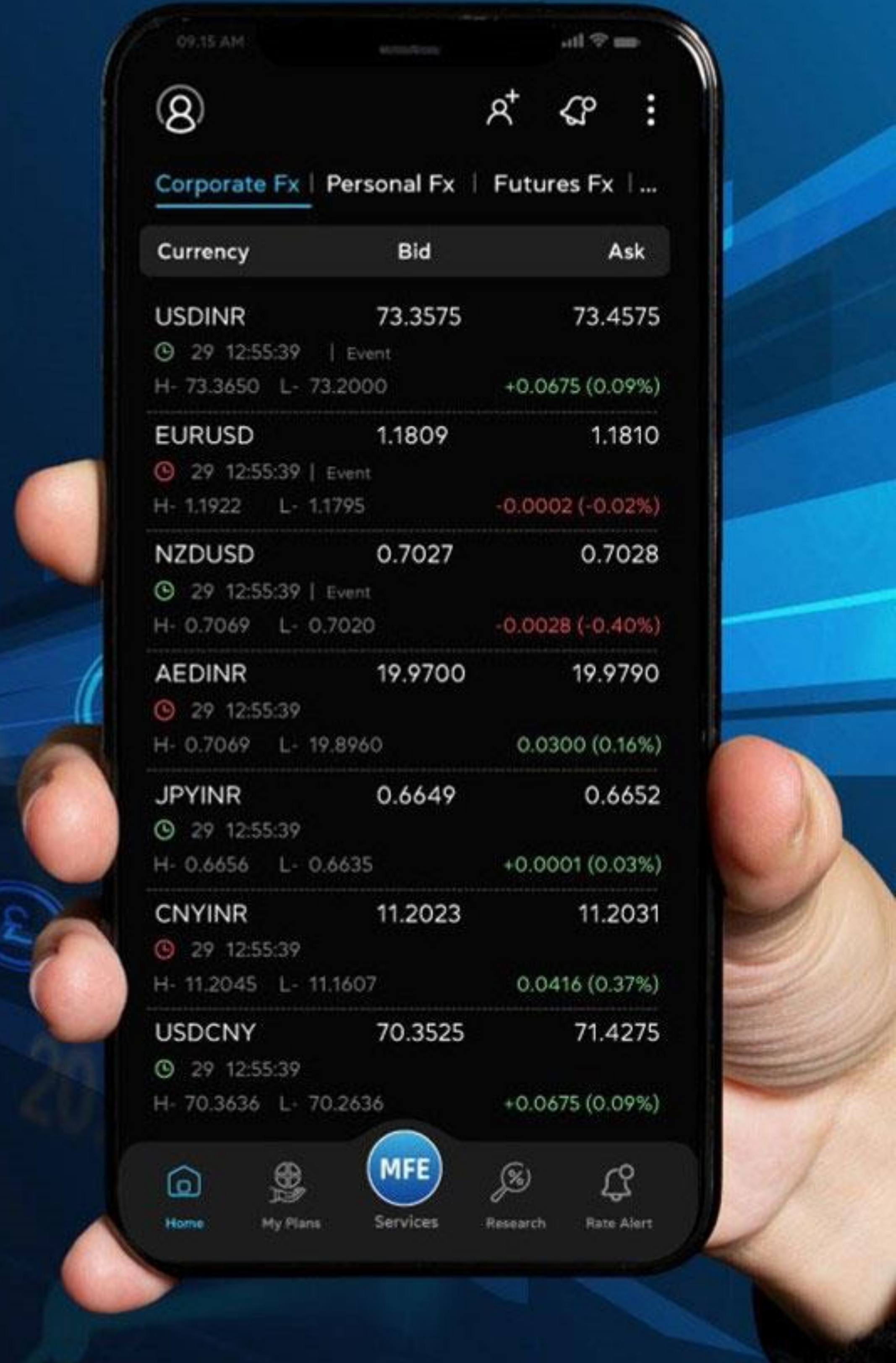
Exclusively for PDEXCIL members:

Complimentary

Myforexeye application access

*TILL MARCH 2025

Scan this QR
To Get the
Myforexeye APP



Myforexeye
Simplifying Forex

PDEXCIL

Welcome

Dear Members,

I've been closely monitoring our currency markets, and I must say, it's been quite a week for the US Dollar. We've seen consistent selling pressure due to expectations of further easing by the Federal Reserve this year and next. The prospect of a soft economic landing, coupled with potential rate cuts, has boosted risk appetite, challenging any Dollar recovery attempts.

Our US Dollar Index hit a new 2024 low, just above 100.00. Looking ahead, we're keeping an eye on several key economic indicators. The Chicago PMI and Dallas Fed Manufacturing Index are due soon, followed by various PMI reports, job openings data, and construction spending figures. Mid-week, we'll see ADP Employment Change numbers and crude oil supply reports. The week wraps up with the all-important Nonfarm Payrolls and Unemployment Rate.

The EURUSD pair has shown strength, reaching new 2024 highs above 1.1200. We're watching for inflation data and PMI reports from Germany and the Eurozone. The British Pound and Japanese Yen are also on our radar, with both showing interesting movements against the Dollar. As we move forward, I expect these trends to continue shaping our market strategies. We'll stay agile, ready to adapt to any shifts in these dynamic currency landscapes.

Thank You

Mahesh Sanil
Executive Director

CONTENTS

Key Takeaway Summaries

₹ INR

After starting the week at 83.47 and briefly reaching a more than two-month high of 83.43, the USDINR pair gradually climbed throughout the week

€ EUR

The Euro gained and made a 2-week high of 1.1214, after the chances of a 50 bps rate-cut by Fed increased to almost 60%.

£ GBP

Sterling has now gained three months in a row versus the US Dollar, with the GBPUSD pair recapturing the 1.3400 level and remaining at its highest level since March 2022

¥ JPY

The yen surged after Ishiba narrowly won the leadership battle of Japan's ruling Liberal Democratic Party.

₹ INR

REPO RATE	GDP	INFLATION	UNEMPLOYMENT	TRADE BALANCE
6.50%	1.9%	3.65%	8.5%	$-29.7B

Events to WATCH

Sep 30, 15:30
Federal Fiscal Deficit (Aug)

Sep 30, 21:46
Foreign Debt (USD) (Q2)

Oct 01, 10:30
Nikkei S&P Global Manufacturing PMI (Sep)

Oct 04, 10:30
Nikkei Services PMI (Sep)

Oct 04, 17:30
FX Reserves, USD

The recent recovery in the Indian Rupee has begun to lose momentum. After starting the week at 83.47 and briefly reaching a more than two-month high of 83.43, the USDINR pair gradually climbed throughout the week, closing at 83.70. The pair opened lower but rebounded as importers rushed to meet month-end dollar demand, causing the rupee to weaken by the end of the week. The initial gains in the rupee were driven by the US Federal Reserve's 50 basis point rate cut and indications of further cuts, which pushed the Dollar Index to a 14-month low, boosting major Asian currencies. Notable recoveries were seen in USDCNY (2.6%), USDSGD (3.3%), USDKRW (2.6%), USDMYR (8.2%), and USDIDR (6.5%). Key US economic data, such as GDP and the Core PCE Price Index, met expectations at 3.0% and 2.5%, respectively, although both figures were higher than previous readings, signaling strength in the US economy.

On the Indian side, Foreign Portfolio Investors (FPIs) continued to invest heavily in Indian equities, driving a 1.7% weekly increase and marking the third consecutive weekly gain. The Sensex hit a record high of 85,000, while the Nifty reached an all-time high. Additionally, India's forex reserves hit a new record of $692.3 billion as of September 20, rising by $2.8 billion from the previous week.The Reserve Bank of India (RBI) intervenes in the market to manage liquidity and prevent excessive rupee volatility. With the dollar index starting to rebound from its yearly low, further downside for the USDINR pair below 83.50 seems limited.

$ USD

REPO RATE	GDP	INFLATION	UNEMPLOYMENT	TRADE BALANCE
5%	3%	2.5%	4.2%	$-78.79B

Events to WATCH

Oct 01, 19:30
ISM Manufacturing PMI (Sep)

Oct 01, 19:30
JOLTS Job Openings (Aug)

Oct 02, 19:45
ADP Nonfarm Employment Change (Sep)

Oct 03, 19:15
Services PMI (Sep)

Oct 04, 18:00
Average Hourly Earnings (MoM) (Sep)

Oct 04, 18:00
Non Payrolls (Sep)

Oct 04, 18:00
Unemployment rate (Sep)

The USDINR pair fell to a 2.5-month low of 83.43 earlier in the week but recovered to close higher at 83.70. The weekly range expanded to 23 paisa, a notable increase compared to the previous tight range of less than 10 paisa.

On the daily chart, the Indian rupee's gains have started to reverse as the pair trades around the 83.60s range. The long-term support line, connecting the lows since March 2024, shows strong support at 83.43 (September 23 low). A break below this level could push the pair down to 83.30 (June 19 low). On the upside, immediate resistance is seen at 83.75-80, with the next level at the all-time high of 83.98.

The pair is edging back towards its previous range near all-time highs. Importers who have not yet hedged should do so now, while exporters may consider converting their dollars above 83.75 after holding out for a while. A mix of forwards and vanilla options is suggested for hedging, as volatility in options remains low, making vanilla options relatively affordable.

€ EUR

REPO RATE	GDP	INFLATION	UNEMPLOYMENT	TRADE BALANCE
3.65%	0.2%	2.2%	6.4%	€21.232B

Events to WATCH

Oct 01, 14:30
CPI (YoY) (Sep)

Oct 01, 13:30
Manufacturing PMI (Sep)

Oct 02, 14:30
Unemployment rate (Aug)

Oct 03, 13:25
German Services PMI (Sep)

Oct 03, 13:30
S&P Global Composite PMI (Sep)

The EURUSD pair gained for the second consecutive week in a row. The pair started the week on a negative note as the PMI data from Germany and Eurozone all came lower than the expectation with Manufacturing and Composite PMI from Germany as well as the entire Eurozone in contraction phase. A significant decline in overall economic activity was primarily attributed to weakness in the manufacturing sector and a slower pace of growth in the service sector. However, the pair recovered slightly after the dollar index declined post the release of the CB Consumer confidence, which was biggest decline in last 3 years. The pair gained and made a 2-week high of 1.1214, after the chances of a 50 bps rate-cut by Fed increased to almost 60%. But the pair was quick to reverse its gains as the US GDP showed that the US economy continued to grow by 3%, suggesting a soft landing for the US economy. Plus the France CPI also dipped lower to 1.5%, increasing pressure on ECB to implement additional measures to prevent a slowdown in the Eurozone's second-largest economy. The chances of upside in the pair remains limited as markets price in a 80% chance of an ECB rate-cut , while Germany and France's economy continues to struggle.

The EURUSD pair began the week trading above 1.1100, holding firm at this key support level. Throughout the week, the pair established a trading range between 1.1100 and 1.1200. Early attempts to break the upper resistance saw the pair reaching a high of 1.1214. Stronger-than-expected Eurozone data, along with U.S. data aligning with inflation expectations, supported the pair's upward movement. The primary resistance zone for EURUSD remains between 1.1100 and 1.1200. A breakout above this level could propel the pair toward the 1.1250-1.1300 range. On the downside, if the pair fails to hold above 1.1100, it may revisit the 1.1000 support level. Looking ahead, the pair's direction will be influenced by upcoming U.S. data and the market's expectations around the size of the Fed's potential rate cut in November, as well as the ECB's decision on a possible rate cut at their October meeting.

£ GBP

REPO RATE	GDP	INFLATION	UNEMPLOYMENT	TRADE BALANCE
5%	0.6%	2.2%	4.1%	£ -7.514B

Events to WATCH

Sep 30, 11:30
GDP (YoY) (Q2)

Oct 01, 14:00
Manufacturing PMI (Sep)

Oct 03, 14:00
Composite PMI (Sep)

Oct 03, 14:00
Services PMI (Sep)

Sterling has now gained three months in a row versus the US Dollar, with the GBPUSD pair recapturing the 1.3400 level and remaining at its highest level since March 2022. It entered a positive consolidation period between 1.3435 and 1.3250, reaching new 30-month highs as monetary policy divergence between the BoE and the Fed continued to bolster the Sterling. Cautious words by BoE policymakers contrasted with a flurry of clearly dovish commentary from Fed officials, keeping prospects for a 50 bps rate-cut by the Fed alive in November. Meanwhile, markets expect the BoE to cut interest rates by 25 basis points in November. GBPUSD drew support from continuing risk flows, as risk appetite was lifted by China's flurry of stimulus measures, including a 50 bps reduction in the important Reserve Requirement Ratio. UK yield advantage supports GBP. Upcoming US job market data crucial; weak reports could boost GBPUSD, while strong data may challenge bullish outlook. Future movement heavily dependent on US employment indicators, especially JOLTS and nonfarm payrolls reports.

The GBPUSD pair continued its uptrend for the third consecutive week. The pair gained by almost 1.84% this week, and made a 2.5 year high of 1.3434 this week. However, the pair gave up some of its gains towards the end and closed the week lower at 1.3367. On the daily chart frame of the pair, the short-term resistance can be seen at the 1.3535 levels (R1, pink line), protecting the upside. However, the MACD Indicator still trades in the positive territory with the MACD line trading close to the significant level 1, suggesting the presence of bullishness in the pair. If the pair continues its uptrend the pair may face resistance at R1 or at 1.3462 levels (black line), the previous high, it touched on 22 Feb 2022, preventing further upside in the pair. While if the pair retraces its path, the pair may find support at the 1.3150 levels (yellow lines), protecting the downside.

¥ JPY

REPO RATE	GDP	INFLATION	UNEMPLOYMENT	TRADE BALANCE
0.25%	0.7%	3%	2.7%	¥ -695B

Events to WATCH

Sep 30, 05:20
Industrial Production (MoM) (Aug)

Oct 01, 05:20
Tankan All Big Industry CAPEX (Q3)

Oct 01, 05:20
Manufacturing PMI (Sep)

USDJPY rose to a three-week high (146.49) before falling by more than three full figures on Friday, on speculation about the new prime minister's support for the BOJ's further policy tightening, which was viewed as a violation of the central bank's independence, initially weakening the yen and then sparking a strong rally after the news was proven false. The yen surged further as US data indicated a slight increase in consumer expenditure in August, although inflation continued to fall, adding to predictions of another Fed rate cut (bets are currently 50-50). The yen surged after Ishiba narrowly won the leadership battle of Japan's ruling Liberal Democratic Party. Meanwhile, the US Dollar (USD) fell sharply after the announcement of softer-than-expected US PCE data for August, prompting additional drop in the asset. The recent USDJPY dip is worrisome but not critical. While a drop below 140 yen could trigger further declines, the current trend indicates a potential rebound. High volatility and key factors like central bank policies and interest rates will shape its future movement.

The USDJPY pair reached a weekly high of 146.49 during the last trading session but dropped below the key 143 support level early in the week, following the unexpected outcome of Ishiba's narrow win in the leadership contest for Japan's ruling Liberal Democratic Party. The yen was already showing signs of weakness before this political shift, as the BoJ's meeting minutes indicated that most members were not considering a rate hike in the near future. With growing expectations of a 75 bps rate cut, the USDJPY faced downward pressure, resulting in bearish momentum and easing pressure on the yen during the early part of the week. From a technical perspective, short-term pullbacks could attract buyers, with resistance anticipated at 143.50 (R1). On the downside, strong support is seen at the psychological 140 level, which has historically acted as a floor for the pair. In the near term, USDJPY could experience further gains, with initial resistance at 144.40. A breakout above this level would target 145.00, followed by the September 3 high of 147.21.

BLOG

Factors Affecting The Forex Rate, That you Should Know

Forex rates extend beyond mere figures displayed on screens; they are vital indicators of global economics, politics, and human behavior. They tell tales of nations' fortunes, economic booms and busts, and the collective sentiments of millions worldwide. So, what drives these fluctuations? Let's explore the ten primary factors that shape the forex landscape.

1. **Economic Indicators:** Economic indicators are crucial in determining forex rates. They include metrics like GDP growth, employment statistics, and inflation figures. For traders, particularly those engaged in forex trading in India, monitoring these indicators is essential, as many trading strategies are built around anticipating changes in these fundamentals.
2. **Interest Rates:** Central banks hold significant power over currency values through their interest rate policies. When interest rates rise, they typically attract foreign investment, enhancing demand for the local currency. Therefore, forex trading often sees heightened activity around central bank announcements, as trader's position themselves based on expected changes.
3. **Political Stability:** Political events and the stability of a country directly influence its currency's value. Elections, legislative changes, and geopolitical tensions can create volatility in the forex market. Experienced traders often incorporate political analysis into their strategies to gauge potential currency movements.
4. **Market Sentiment:** The prevailing mood of the market greatly impacts forex rates. Sentiment can be influenced by news reports, economic forecasts, and international developments. Leading forex signal providers utilize sentiment analysis to assist traders in making informed decisions about their positions.

5. Trade Balance: A country's trade balance—the difference between exports and imports—affects its currency's strength. A trade surplus generally strengthens a currency, while a deficit may weaken it. This factor is particularly relevant in international currency trading, as it reflects demand for a country's products and its currency.

6. Inflation Rates: Inflation rates are a critical element in forex trading strategies. Countries with lower inflation rates often see their currencies appreciate compared to those with higher inflation. This consideration is vital for both short-term and long-term trading decisions.

7. Government Debt : The level of government debt can influence investor confidence. High debt levels may signal potential inflation and currency devaluation, making it crucial for traders to understand a country's debt situation before entering the market.

8. Speculation and Market Psychology : Speculative actions by institutional investors can lead to short-term fluctuations in forex rates. Traders often rely on the insights of forex consultants to navigate these unpredictable market behaviors effectively.

9. Natural Disasters and Unforeseen Events : Unpredictable events such as natural disasters or pandemics can significantly disrupt a country's economy, impacting its currency value. These occurrences can create both challenges and opportunities in forex trading, demanding adaptability from traders.

10. Technological Advancements: Technology has revolutionized forex trading, offering traders enhanced tools and platforms. Innovations such as algorithmic trading, real-time data analytics, and mobile trading applications allow traders to respond quickly to market changes and opportunities.

The forex market operates 24/5, underscoring the importance of staying updated on global events. Successful traders actively follow economic calendars, monitor news outlets, analyze market reports, and engage with trading communities.

Conclusion: The forex market is influenced by a number of economic, political, and social factors. By understanding these elements, traders can make informed decisions. As the forex landscape continues to evolve, maintaining adaptability and a commitment to learning is essential for both novice and seasoned traders. The potential for profit in forex trading is significant, but it comes with inherent risks. Employing effective strategies and seeking guidance from reputable consultants can enhance a trader's chances of success in this dynamic environment.

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

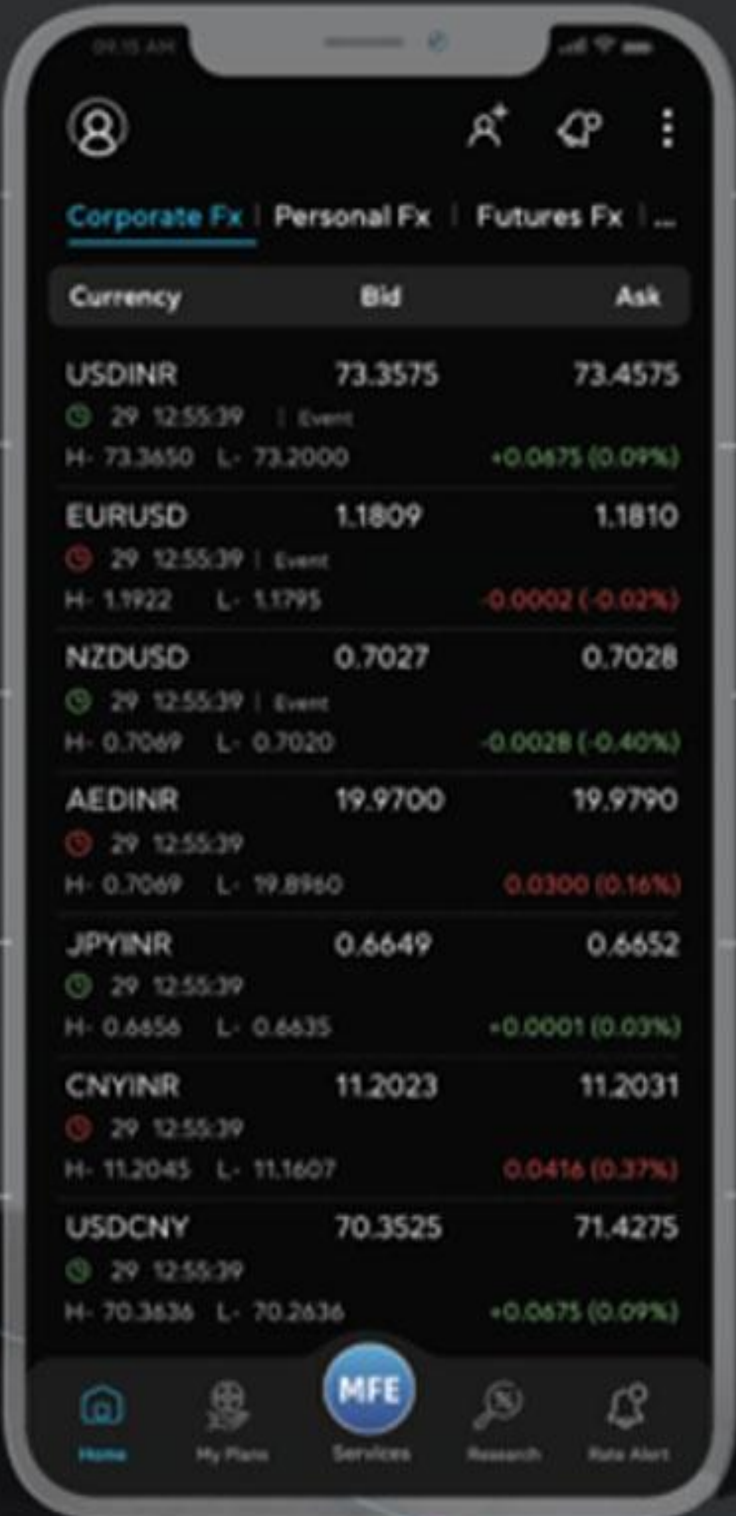
Set Rate alert for different types of transactions and know when the target rate has traded for the first time in forex market.

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.



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

Ritik Bali
8860447723
advisory@myforexeye.com

PDEXCIL

Ms. Lavany Saxena
9692886912
pdexcilmumbai@gmail.com