



Forex Market **Insights** Newsletter

Volume 87 → Oct 14th to Oct 20th 2023

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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%)

Bottom navigation bar: Home, My Plans, MFE (selected), Services, Research, Rate Alert

Welcome



Dear Members,

CONTENTS

INR 2

USD 3

EUR 4

GBP 5

JPY 6

BLOG 7

Major indexes closed mixed as investors assessed inflation data and dovish signals from the Federal Reserve. The potential escalation of the Middle East conflict, triggered by recent Hamas attacks on Israel, boosted energy and defense stocks but impacted airlines and cruise operators negatively. Despite slightly higher inflation, investors remained unmoved, anticipating the Fed's response, possibly considering the additional uncertainty brought by the ongoing conflict between Hamas and Israel.

In Europe, the STOXX Europe 600 Index rose, ending a three-week decline due to Fed's dovish stance and news of potential Chinese economic stimulus. ECB's September minutes showed a majority vote to raise the deposit rate to 4.0%. The UK economy rebounded in August, growing by 0.2% sequentially, driven by professional services and education, after a 0.6% contraction in July.

Japanese stock markets experienced robust gains, with the Nikkei 225 Index and the broader TOPIX Index rising over the week, maintaining their strong year-to-date performance. The yen's historic weakness, trading at around JPY 149.6 against the U.S. dollar, supported this upward trend, although it faced some resistance due to investor demand for safe-haven currencies amid Middle East turmoil. Meanwhile, Chinese financial markets declined after the Golden Week holiday, triggered by softer inflation and trade data, sparking concerns about potential economic deflation.

Thank You

Yours' Sincerely,
CA. Sunil H. Talati
Chairman

Key Takeaway Summaries

₹ INR

USDINR pair continues to trade in a small range of 0.145p. Starting the week at 83.2225, showed a slight recovery to make a weekly low at 83.12.

€ EUR

EURUSD experienced a significant climb, reaching 1.0639 on Thursday, but swiftly descended, closing the week at 1.0506.

£ GBP

The pair benefited from the dovish comments from Fed officials but retraced its path downwards after the dollar index moved back to 106.70.

¥ JPY

The yen weakened to approximately 149.6 against the US dollar, despite some support from investors seeking safe-haven currencies.

SEPC
SERVICES EXPORT PROMOTION COUNCIL
Set up by Ministry of Commerce and Industry Government of India

Events to WATCH

Oct 16, 12:00
WPI Inflation
(YoY) (Sep)

Again, a lazy week for the USDINR pair as it continues to trade in a small range of 0.145p. Starting the week at 83.2225, the rupee showed a slight recovery to make a weekly low at 83.12. But the recovery faded away and it again weakened to close high at 83.2525. The probability of a rate hike by the Fed seemed to be on a roller-coaster ride this week as previous week there were high chances which turned down after the comments from Fed officials but again started climbing after the release of U.S. inflation data. Almost 6 speeches were scheduled from the Fed officials in the initial trading sessions of the week where all had the same view of keeping the rates static and higher for longer period, also they see less need for another rate hike and indicate to move carefully in future interest rate decisions. The Dovish comments resulted in showing 92% chances for a pause as per Fed Rate monitor for November 1 meeting.



On Thursday, U.S. CPI data came at 3.7% which was higher than the expectation but same as before, indicating no cool-off for inflation in the U.S. economy. The static inflation numbers again rose the expectation for a rate hike but this time for the December meeting. Same day India's inflation numbers were also out coming at 5.02% in September, down from 6.83% the previous month. India's retail inflation declined to a 3-month low in September but is still above the 4% target that the central bank has said will be important before reducing rates. However, earlier this month, the RBI kept its key lending rate unchanged for a fourth straight policy meeting and reminded that it was aiming at 4% inflation and a reading below 6% might not be sufficient as an argument for reducing rates. Amid dollar index again strengthening to 106.50, US bond yields again rising and crude oil prices back to 90\$ per barrel, it seems that the Rupee will take some more time before it recovers below 83-levels and the RBI will also have to spend some more billions to protect our beloved Rupee.

Events to WATCH

Oct 17, 18:00

Retail Sales (MoM)
(Sep)

Oct 17, 18:00

Core Retail Sales
(MoM) (Sep)

Oct 18, 18:00

Building Permits (Sep)

Oct 19, 18:00

Philadelphia Fed
Manufacturing Index
(Oct)

Oct 19, 19:30

Existing Home Sales
(Sep)

USD/INR, Real-time Currencies: USD/INR, D
MA (144, close, 0)



The local unit registered a weekly loss of 0.1%, marking its third consecutive week of decline amid rising crude oil prices overseas and a negative trend in the equities.

Again, we had the same range bound trading week for our beloved Rupee, high low range for the week was 14.75 paisa. It seems pair has made its comfortable trading zone between 83.15- 83.28. On concluding daily candlestick chart, 83.25-30 is a significant resistance for the pair refused manier times to break above it. There are two downside gaps in the pair yet to be filled, formed on 22nd Sep to 25th Sep ranging from 82.97 – 83.03 and one created in July end from 82.03 – 82.19 and gaps in the USDINR usually fills. Momentum indicators are giving mixed signals due to continuous range bound trading in the pair.

At these levels above 83.20 exporters can continue to hedge their exposures, pair not moving much but surely their business budgets would be lower than the current forward rates while importers can hold for spot to come around 82.50 for the near-term hedging as 144 days moving average is located there. Apart from forwards During such quiet times (global geo-political situation is not that quiet though), corporate risk managers tend to defer their risk hedging decisions. PLEASE DO NOT. USDINR is calm now and it is not necessary that it will remain that way in the future too. A great thing about current times is low vanilla option premiums, making calls and puts an attractive hedge instrument.

Events to WATCH

Oct 17, 14:30

German ZEW
Economic Sentiment
(Oct)

Oct 17, 14:30

ZEW Economic
Sentiment (Oct)

Oct 18, 14:30

Core CPI (YoY) (Sep)

Oct 18, 14:30

CPI (YoY) (Sep)

Oct 18, 14:30

CPI (MoM) (Sep)

EURUSD pair experienced a significant climb, reaching 1.0639 on Thursday, but swiftly descended, closing the week at 1.0506. After hitting a low of 1.0448 in early October, the pair attempted a rebound, but recent events favored the USD yet again. Concerns about a broader conflict in the Middle East increased demand for safety, causing government bonds yields to rise. This supported the safe-haven USD but limited its gains. On Thursday, the dollar received another boost following the release of US inflation and employment data, indicating that the US is still grappling with inflation. Consequently, the pair fell from its weekly high, as US Treasury bond yields recovered and reached new weekly highs after higher-than-expected US CPI data. The economic situation in the Eurozone is less stable than in the US, and inflationary pressures remain high. The Fed's interest rate outlook remains uncertain, but a commitment to higher rates is anticipated, possibly pressuring the Euro. A projected 0.3% rise in US Retail Sales may boost the dollar, enabling restrictive Fed policy. Weak sales, however, might stall rate hikes, sparking speculation amid economic slowdown hints.



The EURUSD pair was able to make some gains towards 1.0650(R1) in the first half of the week and touched the weekly high of 1.0639 following the dovish comments from the FED members. The gains immediately faded as the US CPI came 0.1% more than expectations resulting to fall EURUSD back below 1.05 where S1 is identified. As per the daily chart frame of the pair, EURUSD is expected to be in a tight range of 1.0500-1.0600 while both R1 and S1 should be closely watched if signals a break. It might be challenging for the euro to break above the 1.0650 level but in the middle term view we expect the pair to advance towards 1.07(psychological level) range. If the pair manages to advance beyond this level, the next potential resistance (R2) is placed at 1.0670. The Relative Strength Index (RSI) is showing a bearish signal at 38 whereas the signal line (yellow) is still showing a neutral call with showing the signal line can cut the RSI (purple) line from below. The MACD indicator below 0 supporting the RSI, indicating moreover an overbought region by which we expect the pair to come close to 1.06 from its weekly close of 1.0506.

Events to WATCH

Oct 17, 11:30

Average Earnings Index + Bonus (Aug)

Oct 17, 11:30

Unemployment Rate (Aug)

Oct 17, 11:30

Claimant Count Change (Sep)

Oct 18, 11:30

CPI (YoY) (Sep)

Oct 18, 11:30

CPI (MoM) (Sep)

Oct 20, 11:30

Retail Sales (MoM) (Sep)

Oct 20, 11:30

Core Retail Sales (MoM) (Sep)

GBP/USD quickly retreated from a three-week high above 1.2335, ending its rally against the US Dollar. The pair benefited from the dovish comments from Fed officials but retraced its path downwards after the dollar index moved back to 106.70 levels after the US CPI came higher at 3.7%. A weak demand forecast led to enterprises cutting labor and inventory spending, which resulted in a decline in the manufacturing and overall industrial production of the UK in August. Since BoE policymaker Swati Dhingra backed a rate cut if economic growth remained below projections, further selling of the pound sterling is expected. In comparison to other G7 economies, the UK is predicted to continue to lag due to its issues with rising interest rates, poor trade relations with the EU, and rising gas prices. This week's crucial UK employment and CPI data and from the US front, Building Permits, and the Philadelphia Fed Manufacturing Index will be the center of attention. In addition to the data, geopolitical happenings, changes in the price of oil, and remarks made by Fed officials will be closely monitored, to predict the next move in the GBP/USD pair.

GBP/USD, Real-time Currencies: GBP/USD, D
MA (50, close, 0)



The Sterling initially tried to gain against the dollar during the week but ended up all its gain near the significant resistance of 1.2350 and the pair was down by approx. 100 pips during the week. we are seeing significant selling in the pair since mid of July even previous week upside momentum couldn't help the pair to move higher. Now it seems bears would remain heavy on the bulls in the near term and their first target would be 1.2000 psychological support followed by the 1.1850 region last seen in the beginning of march this year. If bulls need to turn the situation, they need to break above the significant resistance of 1.2350 but it is very unlikely to happen anytime soon. On the daily time frame momentum indicators RSI and stochastics trading in a neutral zone.

¥ JPY

REPO RATE

-0.10%

GDP

1.2%

INFLATION

3.2%

UNEMPLOYMENT

2.7%

TRADE BALANCE

-¥ 938B

Events to WATCH

Oct 16, 10:00
Industrial
Production
(MoM) (Aug)

Oct 19, 05:20
Trade Balance
(Sep)

Oct 19, 05:20
Exports (YoY)
(Sep)

Oct 20, 05:00
National Core
CPI (YoY) (Sep)



The yen weakened to approximately 149.6 against the US dollar, despite some support from investors seeking safe-haven currencies due to ongoing violent developments in the Middle East. Japanese officials have frequently stated their readiness to counter currency fluctuation in accordance to the pace of weakening. However, there is no recent evidence of their intervention to halt the yen's decline. The decline in the JPY was influenced by the BoJ persistent use of ultra-easy monetary policies. Notably, Bank of Japan board member Asahi Noguchi expressed skepticism about the acceleration of wage growth on Thursday. During the trading week, the US dollar initially experienced a sharp decline but managed to recover after the release of US CPI data, before closing the week at 106.67 on Friday. Due to the absence of visible intervention by the BoJ and the presence of higher US yields, along with a notable difference in the outlook between the BoJ and the Fed, it is anticipated that the USDJPY will persist in trading within a narrow range.

USDJPY settled at 149.55 (current levels) which is facing a strong resistance as the levels looks to be very close to the intervention levels of BOJ. With the drop in the US 2 year and 10-year bond yields in the mid of the week, yen saw limited gains up to 148.16. The pair started the week at 149 and was quite less volatile in this week. R1 being very easy to identify at 149-150 and seeing the daily chart frame S1 looks to be 147 and a major support will be seen at 145. As the signal line (yellow) is being moving straight with and the RSI line lacks any clear direction, the Relative Strength Index (RSI) is displaying a slight bullish signal at 59. The RSI is supported by the MACD indicator above 0 since the MACD line (blue) and the red line are moving in parallel, which also indicates a buy signal. S2 looks around 144.50, indicating a potential level where traders can think about buying if the pair experiences a correction if BOJ intervenes unexpectedly at the current levels. USDJPY is expected to trade in a tight range of 148-150 as the traders still wait for the BOJ intervention, with a strong dollar and tight geopolitical tension.





BLOG

Forex Indicators For Beginners: A Guide To Understanding Them

The foreign exchange (FX) market is known for its complexity and volatility, making it difficult for newcomers to navigate. The usage of forex indicators is one instrument that can tremendously aid new traders in making educated selections. Forex indicators are important tools for traders because they help them assess market trends, identify probable entry and exit locations, and provide insight into price fluctuations. In this blog, we will go over some important forex indicators that beginners can utilize to improve their trading techniques.

Moving Averages

Moving averages are one of the simplest and most regularly used forex indicators. They smooth out price data over a set period of time, allowing traders to see the overall trend. Moving averages are classified into two types: Simple Moving Average (SMA) and Exponential Moving Average (EMA). SMAs provide a simple average of prices over a specified time period, whereas EMAs add more weight to recent prices, making them more responsive to market conditions. Moving averages are frequently used by traders to detect trend direction as well as potential support and resistance levels.

Relative Strength Index (RSI)

The RSI is a momentum indicator that gauges price

movement speed and change. It has a scale of 0 to 100 and aids traders in identifying overbought and oversold market conditions. A value above 70 indicates overbought conditions, implying a likely reversal or pullback, while a reading below 30 shows oversold conditions, implying an upward trend.

Moving Average Convergence Divergence (MACD)

The MACD is an extremely useful indicator that combines moving averages and momentum. It is made up of two moving averages (the MACD line and the signal line) and a histogram that shows the difference between the two. The MACD is used by traders to identify changes in trend momentum as well as probable entry or exit spots. When the MACD line crosses above the signal line, it can indicate a bullish trend, and when it crosses below the signal line, it can indicate a negative trend.

Bollinger Bands

Bollinger Bands are made up of a moving average in the center flanked by two standard deviation bands. Based on market volatility, these bands expand and contract. Bollinger Bands are used by traders to identify future market reversals or breakouts. Prices in the top band may indicate overbought conditions, while prices near the lower band may indicate oversold conditions.

Fibonacci Retracement

Fibonacci retracement levels are calculated using the Fibonacci sequence and used to identify likely support and resistance levels. Traders use these levels to predict where price corrections will occur during a trend. The important Fibonacci levels are 23.6%, 38.2%, 50%, 61.8%, and 78.6%. Traders frequently seek convergence between Fibonacci levels and other indicators to boost the likelihood of accurate predictions.

Conclusion

Forex indicators are powerful tools that provide traders with vital information, allowing them to make more informed decisions in the extremely unpredictable forex market. While these indicators might be quite beneficial, new traders should be aware that no single indicator assures success. Trading techniques should instead be guided by a combination of indicators, as well as fundamental and technical analysis.

Remember that each indicator has its own strengths and weaknesses, so it's critical to gain a thorough understanding of how they work and how they might complement one another.



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

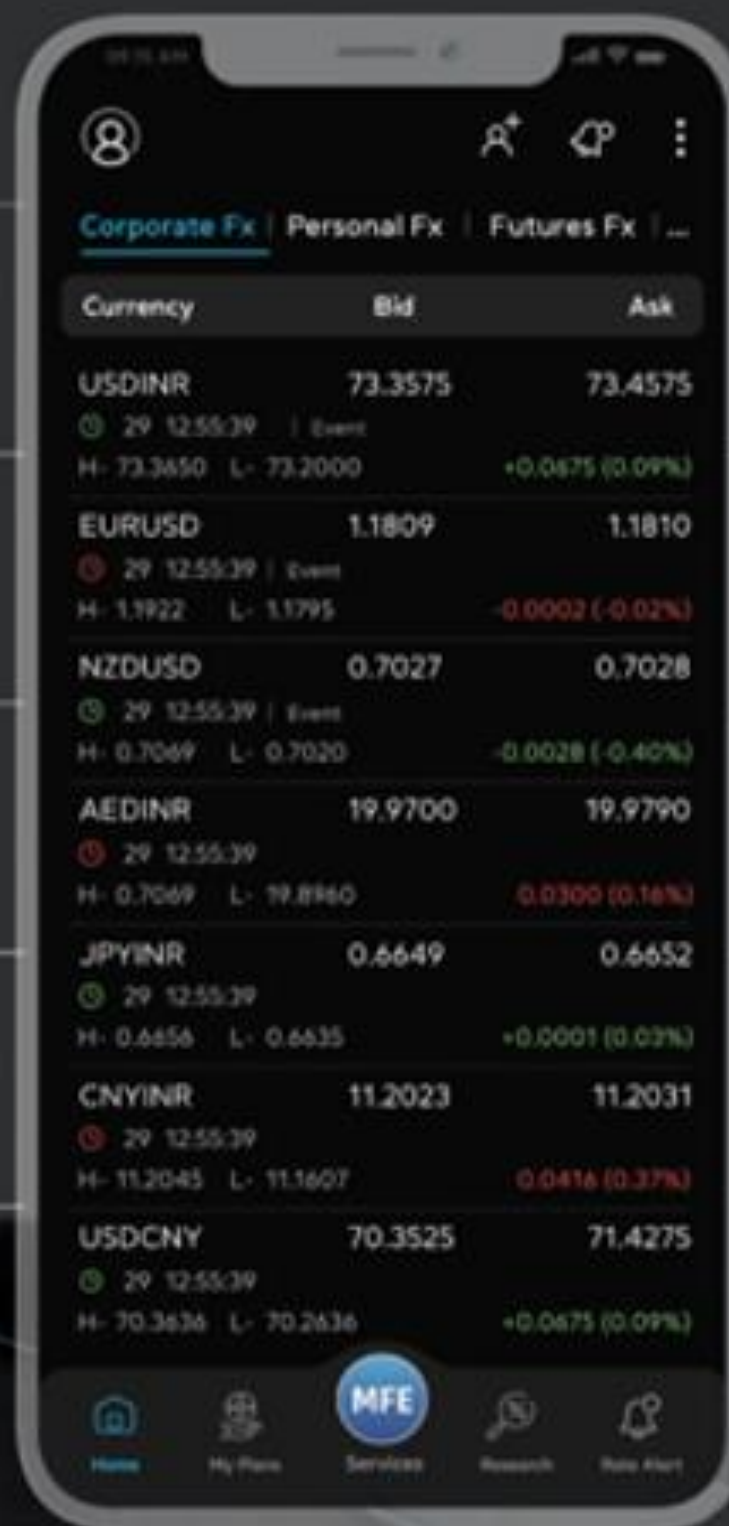
Set Rate alert for different types of transactions and know when the target rate has traded for the first time in forex market.

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 displays the 'Corporate Fx' tab of the mobile app. It features a table with columns for 'Currency', 'Bid', and 'Ask'. Below the table, there are additional details for each currency pair, including a timestamp '29 12:55:39', high/low values, and a percentage change. The bottom navigation bar includes icons for Home, My Fx, MFE (highlighted), 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

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