



Forex Market **Insights** Newsletter

Volume 113 → Apr 13th to Apr 19th 2024

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Welcome



Dear Members,

The most recent consumer price data has been eye-opening, and it's evident that the Federal Reserve's path to monetary policy relaxation will be slower and more gradual than many of us had expected. While we're not there yet, I now anticipate the Fed won't begin cutting rates until their September meeting.

The European Central Bank held steady this week, but their statement seems to lay the groundwork for a potential 25 basis point rate cut in June. Similarly, the Bank of Canada signaled they're seeing conditions for a rate cut, but want to observe them for longer. I lean towards an initial 25 basis point reduction from the BoC in June as well. The diverging paths of major central banks came into sharper focus this week, impacting rate expectations and currency markets. The Biden administration's proposed student loan debt relief could benefit millions, though the overall economic impact looks muted.

The U.S. dollar's rally extended further on diminishing June rate cut expectations. Next week, I'll closely monitor Retail Sales, Business Inventories, and regional manufacturing surveys. The Fed's Beige Book and housing data will also be crucial. While the landscape remains fluid, I'm cautiously optimistic about a more measured policy normalization across major economies.

Thank You

Yours' Sincerely,
Mr. Karan Rathore
Chairman

Key Takeaway Summaries

₹ INR

The Pair started the week at 83.265 and made a weekly high of 83.4275 following the release of robust US CPI data. The rupee continued to decline and concluded the week at 83.4125.

€ EUR

EURUSD faced renewed downward pressure, dropping below 1.0700 to its lowest level since November.

£ GBP

It was a roller coaster ride for sterling as it opened at of 1.2621 on Monday and a closes at 1.2444 on Friday. GBPUSD held firmly above the 1.2600 levels to close at 1.2636.

¥ JPY

The USDJPY has risen beyond the 153 mark this week as the BOJ fails to support the currency.

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Events to WATCH

Apr 15, 12:00
WPI Food (YoY) (Mar)

Apr 15, 12:00
WPI Manufacturing
Inflation (YoY) (Mar)

Apr 15, 12:00
WPI Inflation (YoY)
(Mar)

Apr 15, 12:00
WPI Fuel (YoY) (Mar)

Apr 15, 15:30
Exports (USD)

Apr 15, 15:30
Imports (USD)

Apr 15, 15:30
Trade Balance

The USDINR pair shows some minor volatility with a weekly range of 28 paise with just three trading sessions. The Pair started the week at 83.265 and made a weekly high of 83.4275 following the release of robust US CPI data. The rupee continued to decline and concluded the week at 83.4125. During the initial days of the week, the rupee strengthened and managed to make a high of 83.15 on Wednesday but later rupee remained under pressure following the rebound in the dollar index to its five-month high, the surge in geopolitical tensions in the Middle East and sell-off in Indian Equities market on Friday. Meanwhile, the dollar Index currently at 106.01 witnessed a sharp surge after the release of CPI data on Wednesday which is more than expected. As per the recent Fed member speeches, the central bank should not be weighing interest rate cuts and maintain its stance on “Restrictive Monetary Policy”.



After Wednesday’s CPI data which is still above the Fed’s 2% target and strong labor market condition faded the rate cut expectations in June, Markets are now pricing in a 67.8% chance of the Fed rate cuts in September meeting, according to CME Fed Watch tool. On the domestic front, India's foreign exchange reserves surged for the Seventh consecutive week, reaching a record high of \$648.56 billion as of April 5. The reserves rose by \$2.98 billion in the reporting week. The Indian CPI data released on Friday which is at 4.95% in March at its 10-month low and Industrial production accelerated to a four-month high in February showcasing the stability in the economy. All-time high forex reserves and better GDP numbers support the Indian rupee from any steep decline as compared to the US dollar.

Events to WATCH

Apr 15, 18:00

Retail Sales (MoM)
(Mar)

Apr 15, 18:00

Core Retail Sales
(MoM) (Mar)

Apr 16, 18:00

Building Permits (Mar)

Apr 16, 18:45

Industrial Production
(MoM) (Mar)

Apr 17, 20:00

Crude Oil Inventories

Apr 18, 18:00

Philadelphia Fed
Manufacturing Index
(Apr)

Apr 18, 18:00

Initial Jobless Claims



A holiday-shortened week with only 3 trading sessions but a decent amount of volatility was seen this week in the USDINR pair making a weekly range of 28 paise. After dropping to 83.15 the pair reversed its losses to end the week higher at 83.4125.

Same range – Same commentary. Not much has changed in the new financial year, On the USDINR daily chart we can see that the pair has managed to hold above the 50-day EMA (blue line) and the 100-day EMA (white line). The relative strength index (RSI) appears to be in the overbought zone above 60, indicating towards selling. The first support level aligns with the 50-day EMA at 83.14 which is also the recent low the pair made and the next support stands at 83. On the other hand, the key resistance level stays intact for the pair at 83.45 a breakout above this seems to be unlikely.

USDINR pair is expected to steadily fall towards 83. Hence, exporters are suggested to be in a comfortable position by increasing their hedge ratio at current levels whereas importers to stay put as of now and to start hedging around 83.10-83.15.

Events to WATCH

Apr 15, 14:30

Industrial Production (MoM) (Feb)

Apr 16, 14:30

German ZEW Current Conditions (Apr)

Apr 16, 14:30

Trade Balance (Feb)

Apr 16, 14:30

ZEW Economic Sentiment (Apr)

Apr 16, 14:30

German ZEW Economic Sentiment (Apr)

Apr 17, 14:30

Core CPI (YoY) (Mar)

Apr 17, 14:30

CPI (YoY) (Mar)

In the weekly fundamental analysis report, EURUSD faced renewed downward pressure, dropping below 1.0700 to its lowest level since November. The ECB maintained key rates unchanged in line with expectations post-April policy meeting. ECB President Christine Lagarde emphasized a data-dependent approach, refraining from confirming a June rate cut. Meanwhile, markets anticipate an 80% probability of unchanged Fed interest rates at 5.25%-5.5% post-June meeting. With a nearly 2% decline in three days, EURUSD is poised for its worst weekly performance in over a year. The ECB's contentious decision to keep rates at 4%, amidst internal advocacy for a rate cut, coupled with a dovish monetary stance, heightens expectations of imminent policy easing. Investors eye June as a potential easing date, potentially preceding the Federal Reserve's actions, a notable shift in ECB's monetary policy strategy.



The EURUSD pair commenced the week at 1.0834, maintaining its upward momentum and reaching a weekly peak of 1.0885. However, a sharp decline ensued as inflationary data from the United States continued to emerge. The week concluded with EURUSD closing near its weekly low of 1.0622, a level not witnessed in over five months. We identify the 1.05 level as a significant support level beneath the current price. Conversely, a reversal and rally above the 1.07 mark could potentially lead to a retest of the 50-week EMA situated at 1.08, as indicated in the chart. Despite setbacks, a potential downward breakout below 1.07 suggests further downside potential, with anticipated support at 1.05. A consolidation zone is evident, with resistance to be observed at 1.07 and support at 1.05 in the upcoming trading sessions. Traders are advised to closely monitor the pair's behavior within this range for potential breakout or reversal signals.

Events to WATCH

Apr 16, 11:30

Employment Change 3M/3M (MoM) (Feb)

Apr 16, 11:30

Average Earnings Index +Bonus (Feb)

Apr 16, 11:30

Claimant Count Change (Mar)

Apr 16, 11:30

Unemployment Rate (Feb)

Apr 17, 11:30

PPI Input (MoM) (Mar)

Apr 17, 11:30

CPI (YoY) (Mar)

Apr 17, 11:30

CPI (MoM) (Mar)

It was a roller-coaster ride for the sterling this week, as the pair started the week by opening at 1.2631. The pair gained after the positive retail sales data release, as the pair made a high of 1.2709. In March, UK's BRC Retail Sales rose by 3.2% YoY, surpassing expectations of a 1.8% increase and marking the strongest growth since August 2023. This growth was primarily driven by an early Easter period, boosting food sales ahead of the extended weekend. But the pair fell after the bullish release of the US CPI, which pushed further the rate cut expectations from the month of June to August. The pair fell and made a new 5-month low 1.2426, after the dollar index gained. Despite UK GDP meeting expectations and strong industrial figures, Pound failed to get any support. February's GDP expanded by 0.1%, in line with forecasts, while Industrial and Manufacturing Production increased by 1.1% and 1.2% monthly, respectively. Overall outlook for the pair remains bearish, with the current strength in the dollar and delayed rate-cut expectations from Fed.



The pair started on a positive note this week by opening at 1.2621 levels. The pair gained and made a 2-week high of 1.2709, but then quickly reversed its gains, and fell rapidly. The pair fell by almost 1.4% this week as it made a 5-month low of 1.2426, this week. The formation of a huge red candle shows the prominence of sellers in the market. The pair broke below the 50-week and 100-week EMA and the significant 1.2500 level, which were acting as support levels. The MACD Indicator suggests a further downtrend in the near future. The pair ended the week, closer to this week's low, also suggesting bearish pressure on the pair. The level of 1.2400 acts as a short-term resistance for the pair. If the pair manages to move below this level, the next support can be seen at the psychological level of 1.2300.

Events to WATCH

Apr 16, 5:20
Trade Balance
(Mar)

Apr 16, 5:20
Exports (YoY) (Mar)

Apr 16, 5:20
Adjusted Trade
Balance

Apr 19, 5:00
National Core CPI
(YoY) (Mar)

Apr 19, 5:00
National CPI
(MoM)



The USDJPY has risen beyond the 153 mark this week as the BOJ fails to support the currency. The market has finally broken over a crucial level of 152, and the USD has gained significantly this week. As the US CPI rose to 3.5% YoY in March, and the Core CPI also expanded to 3.8% YoY, similar to February's level. In that regard, strong inflation data caused a substantial increase in bullish moves on the Fed and US Treasury yields, boosting the US Dollar. The Fed's first interest rate cut is expected to take place in September rather than June, following the release of strong US CPI data, which sent the USD to its highest level since November 14. Also considering the possibility that a weaker Japanese yen would raise import costs and negatively affect businesses and consumers, Japan's Finance Minister Shunichi Suzuki reaffirmed on Friday that he will be closely monitoring foreign exchange movements with a high degree of urgency.

USDJPY concluded the week above 153, marking a 34-year high. The US dollar demonstrated a breakout during the trading week, breaching the ¥152 level decisively. The yen experienced a notable decline as inflationary data from the United States continued to unfold, with the move not seemingly influenced by the Bank of Japan (BoJ). Should the upward momentum persist, the next target is likely to be around the ¥155 level. Previously established resistance levels at 151.60-151.80 are expected to serve as robust support if the pair advances towards 155. However, even in the event of a retreat below the ¥152 level, additional support may be encountered near ¥150, if such a scenario unfolds. It is recommended to closely monitor price action within this range and remain attentive to statements from Japanese corporate entities for potential insights into market direction.





How to Save on Forex Charges When Paying for Education Abroad

The number of Indian students planning to study abroad has seen an exponential increase. The transfer of funds in foreign currencies is a fundamental part of this process, involving significant expenses.

When pursuing overseas education, which involves transferring payments in foreign currencies, particularly for expenses such as tuition fees, students must be aware of the associated charges of international remittance. Being careful in these financial matters can result in significant savings of up to Rs 15,000 to Rs 20,000. As a result, choosing a suitable payment partner becomes important to achieving cost-effective and fast transfers.

Reasons for Sending Money Abroad

University/College Fees

One of the primary expenses for students studying abroad is the payment of tuition fees. These fees are typically paid on a semester or yearly basis, prompting students to opt for remitting money from India in multiple instalments to manage the financial burden effectively.

Living Expenses

In addition to tuition fees, students and their families need to transfer funds to cover living expenses in a foreign country. These funds are used for accommodation, food, transportation, and other related costs.

GIC Account (For Canada-bound Students)

Students planning to study in Canada under the SDS stream Study Visa are required to open a Guaranteed Investment Certificate (GIC) account. This entails transferring a minimum of CAD 10,000 along with a bank service charge of approximately CAD 150. The source of these funds must be from the student's or parent's bank account.

Blocked Account (For Germany-bound Students)

Students heading to Germany need to open a blocked account and transfer a minimum of €11,208, along with a service fee, to obtain the required 06 Confirmation for their Study Visa application as proof of funds.

Charges Associated with Foreign Remittance

Exchange Rates

Exchange rates play a crucial role in foreign remittance, varying widely between banks and currency dealers. While it's important to note that banks and dealers often have slightly higher Inter-Bank Exchange rates. Startups like Myforexeye are known for offering competitive exchange rates, particularly favorable for students due to their lower margins compared to well-established banks.

Service Fees

Banks and currency dealers charge service fees for processing international remittances. Banks may charge anywhere from Rs 500 to Rs 2000, while dealers typically offer lower service fees ranging from Rs 250 to Rs 1000. In some cases, dealers may even provide a hidden zero service fee, adjusted within the exchange rate.

GST (Goods and Services Tax)

GST is a tax applied to exchange rates, with most remittance providers offering similar rates. This tax is non-refundable and is factored into the overall cost of international money transfers.

TCS (Tax Collected at Source)

When transferring money overseas, a 5% tax, known as Tax Collected at Source (TCS), is applied by the bank or dealer if the total remittance amount exceeds Rs 7 lakh in a financial year. However, if the source of funds is an education loan, this rate is reduced to 0.5%. The TCS amount can be claimed when filing annual income tax returns.

Consult with Experts

If you're uncertain about managing your finances while studying abroad, seek advice from financial experts or education counsellors. They can offer valuable insights and recommend strategies for minimizing forex charges and effective financial management. By optimizing your approach to international money transfers, you can substantially reduce the financial burden of studying abroad, making your educational journey more cost-effective and manageable.



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 app. It displays a table of currency rates with columns for Currency, Bid, and Ask. Each entry includes a high/low range and a percentage change. The bottom navigation bar has icons for Home, My Plans, MFE (Services), Research, and Rate Alert.

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- 0.7049 L- 0.7020		-0.0028 (-0.40%)
AEDINR	19.9700	19.9790
29 12:55:39		
H- 0.7049 L- 19.8960		0.0300 (0.16%)
JPYINR	0.6649	0.6652
29 12:55:39		
H- 0.6456 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%)

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.