



# Forex Market **Insights** Newsletter

Volume 03 Mar 27 to Apr 1, 2022

## Key Takeaway Summaries

### ₹ INR

With no significant data or events lined up this week for both Rupee & Dollar, the Rupee took cues from the liquid gold's price movements.

### € EUR

The Russia-Ukraine war situation has put some pressure on the EUR/USD.

### £ GBP

US Fed's preferred PCE inflation and Bank of England-speak will hold relevance, as the Ukraine-Russia conflict rages on.

### ¥ JPY

Yen is expected to weaken more in upcoming days as BOJ favors a depreciated currency.

# Welcome

Dear Members,

Crude ruled this week, taking metal commodities along. Apart from G7 tackling the Ukraine-Russia war situation, few FOMC members reiterated Federal Reserve Governor Jerome Powell's prognosis of higher interest rates in 2022, especially during the next May meeting.

The better than expected initial jobless claims from US ensured that the dollar retained its shine and it sharply rose against its counterpart – Japanese Yen, taken as a safe-haven till now.

Rupee lost its value against the dollar all along waiting for some development on the LIC IPO, but as the financial year end comes closer, the chances of it getting delayed to April get higher. With no further significant data due from India, the markets would watch for US non-farm payrolls data on Friday for further direction.

Thank you.

Regards

Mr Vijay Gauba  
Additional Director General  
Trade Promotion Council of India

## CONTENTS

INR 2

USD 3

EUR 4

GBP 5

JPY 6

BLOG 7



## Events to WATCH

Mar 31, 15:30  
Federal Fiscal Deficit (Feb)

Mar 31, 17:30  
Infrastructure Output (YoY) (Feb)

Apr 01, 18:00  
Trade Balance

With no significant data or events lined up this week for both Rupee & Dollar, the Rupee see-sawed with crude prices in direct proportion. Geo-political uncertainty drove crude oil prices this week, taking the USDINR currency pair to its lowest of 75.98, but Rupee couldn't stay strong enough to last the week. It weakened by 0.5% compared to a 1% gain the previous week. Starting the week low and continuing the momentum for first four days, the rupee also took direction from several Fed officials comments on a possible 50bps rate hike during the next FOMC meeting in May.



After the Fed Reserve raised interest rates last week for the first time since 2008, US fundamental economic data was more positive than expected, though the dollar index wasn't given its due. In the coming week, US GDP and payrolls data will be critical. Forex reserves continue to fall by \$2.6 billion during the week ending Mar 18 owing to sustained selling by FPIs and probable intervention by RBI to range bound the Rupee. Foreign investors have been pulling their monies out of Indian financial markets this month, but with the financial year ending, Rupee may attempt to appreciate above 76, a psychological support.



# \$ USD

REPO RATE

0.5%

GDP

7.0%

INFLATION

7.9%

UNEMPLOYMENT

3.8%

TRADE BALANCE

-\$89.69B

## Events to WATCH

Mar 29, 19:30  
JOLTs Job Openings (Feb)

Mar 30, 17:45  
ADP Nonfarm Employment Change (Mar)

Mar 30, 18:00  
GDP (QoQ) (Q4)

Mar 30, 20:00  
Crude Oil Inventories

Mar 31, 18:00  
Initial Jobless Claims

Apr 01, 18:00  
Nonfarm Payrolls (Mar)



Technically the USDINR pair attempted 76 several times during the week but had to close below 76 to bridge a few price gaps created earlier. The pair has primarily moved within the upward sloping channel marked in green connecting peaks of Jul 21, Oct 21, Dec 21 and Mar 22 and lows of Sep 21 and Feb 22. The Fibonacci retracement levels taking the low of Jan 2021 and peak of Mar 2022, the immediate support is seen at 38.2% or 75.88, while resistance is seen at 76.32, which Rupee has been hovering around this past week. These territories have been seen only post-pandemic. The RSI momentum indicator has also played along with the price. The 89-day simple moving average is closer to the 61.8% Fib level of 75.07 but for that level to be seen the financial equities need to see funds related to LIC IPO or even a rate hike talk in tandem with global (read Western) markets from RBI. Dollar importers may get a chance to hedge their near-term payables the coming week, while exporters should seek to hedge above 76.20 for near term receivables.

**TPC** Trade Promotion Council of India

Notified in the Foreign Trade Policy by Department of Commerce, Government of India

## Events to WATCH

Mar 29, 11:30  
German Retail Sales (MoM) (Feb)

Mar 30, 17:30  
German CPI (MoM) (Mar)

Mar 31, 14:30  
Unemployment Rate (Feb)

Apr 01, 13:30  
Manufacturing PMI (Mar)

Apr 01, 14:30  
Core CPI (YoY)

Apr 01, 14:30  
CPI (YoY) (Mar)

The EURUSD hovers around the 1.1 level, unable to attract interest throughout the week. Volatility can be seen partially due to increasing uncertainty over the war. Russian attacks on Ukraine put some pressure on the pair, while a diplomatic solution is slipping further away. Occidental leaders keep increasing sanctions on Moscow. The ECB is slowly dropping its patient stance. President Christine Lagarde was surprised with their hawkish stance in the last meeting - several ECB members have indicated a possible rate hike in the EU before 2022-end. The ECB has already announced it will stop purchases of bonds earlier than previously planned, now meant for the 3rd quarter of the year. The US Fed's goal is to reach price stability and maximum employment while ECB's commitment is focused on price stability. Inflation level in the EU and the US stands at multi-decade highs, as economies slowly recover from massive lockdowns. The upcoming week's events include German Retail Sales, Manufacturing PMI, Core CPI (YoY) and CPI (YoY).



Euro lost its footing against the dollar in the previous week to trade below the 1.10 handle. This is an important region for the pair as it has been stuck here previously too. If history repeats itself then it's more than likely that the 1.085 region will also be tested, if the test fails it might go lower. If the pair rallies, it will face resistance around the 1.12 region and above that. This market has faced a lot of selling pressure and it may continue to be the case ahead. The backdrop fueling Euro's fall isn't expected to change anytime soon there by curtailing the demand of the currency in the foreseeable future. The refugee crisis, as well as a potential food crisis is looming. Economic data hasn't been impressive, to begin with, so it is hard to imagine how the EU suddenly outpaces, especially in relation to the US which is somewhat shielded from most of these problems.



## Events to WATCH

Mar 31, 11:30  
GDP (YoY)  
(Q4)

Mar 31, 11:30  
GDP (QoQ)  
(Q4)

Apr 01, 14:00  
Manufacturing  
PMI (Mar)

GBPUSD booked the 2nd straight weekly gain although remained well off the 3-week peak of 1.3300. In the first three days of the week, the USD staged a solid recovery, chasing the power rally in the Treasury yields to 3-year highs, largely backed by the hawkish stance from US Federal Reserve Chairman Jerome Powell and his colleague's remarks at the National Association for Business Economics conference stated that the central bank must move to combat inflation, leaving doors open for 50bps increases, if needed. Officials at the world's most powerful central bank also called out for tightening as the economy of the US and its labour market remain healthy. It shows a 68.3% probability of a 50 bps rate surge at the May FOMC meeting. US Fed's preferred PCE inflation and Bank of England-speak will hold relevance, as the Ukraine - Russia conflict rages on. The upcoming week's events comprise of GDP, GDP (YoY) and Manufacturing PMI (Mar) positive releases can lift the GBP against the US dollar.



The GBP initially rallied during the week but lost a lot of its gains as indecision clouded the pair. Major support levels are underneath at 1.30 - the market may attempt that area yet again. The region is not only psychologically important, but also historically significant. This makes buying this pair very risky from a longer-term standpoint at present. However, if the 1.30 level ends up offering significant support and the pair rallies on a lower timeframe, it might be worth a long position. Similarly, if we broke above the top of the shooting star candlestick for this week it would show strength. In that case, we believe the market would go towards the 1.3350 region. If we break down below the 1.30 handle, that triggers selling pressure. Towards the upside, multiple areas resistance regions exist, so this is going to be a significant fight ahead for those who are bullish of GBP.



# ¥ JPY

REPO RATE

-0.10%

GDP

1.1%

INFLATION

0.9%

UNEMPLOYMENT

2.8%

TRADE BALANCE

¥-668B

## Events to WATCH

Mar 30, 05:20

Retail Sales (YoY) (Feb)

Mar 31, 05:20

Industrial Production (MoM) (Feb)



USDJPY pair is in long uptrend since Jan 21, it's getting difficult for the pair to retrace as it has broken many resistance but other indicators on 4 hourly chart signaling a downside movement of the pair as RSI is trading at 71 which is considered to be an overbought zone. Pair could test levels of 119.95 as 100 days SMA lies there. Breaking of these levels can push the pair towards its support levels of 115.00, while MACD is trading in neutral zone.

USDJPY ended the week 2.5% higher at 122.08. Pair made a high of 119.06 and went as low as 112.43 this week amid statement by fed members of aggressively rate hike led to continuous rise in US Treasury yields supported dollar to gain versus yen. We expect yen to weaken more in upcoming days as BOJ favors yen weakness. BOJ governor said weak yen pushes up the value of Japan's firm profits overseas, he also mentioned weak currency is positive for the Japanese economy as a whole. It's a quiet week on the event side for the pair as only unemployment rate is scheduled in the start of the week - A higher than forecasted reading should be taken as negative for the JPY, while a lower than expected reading should be taken as positive for the JPY. Market participants will be eying on the US Nonfarm Payrolls which are set to release at the end of week which is expected to come lesser by 203k than the previous release of 678k.





# BLOG

## What Is Social Trading

Almost everyone today is actively involved in forex trading or has an indirect interest in the same as it gives a hope of quick additional income/profits due to currency market's high volatility and volume. No matter whether you are a beginner in forex trading or someone with ample years of experience and a strong portfolio, there is always a lot to learn about forex trading and one such phenomenon is social trading.

## About Social Trading

So what exactly is social trading? Let us discuss in detail below to understand the meaning of social trading and how it positions itself in the forex trading market.

The concept of social trading is fairly easy to understand as it directly involves observing the behaviour of different forex traders and trading experts to analyse and understand their potential strategies for trading.

There are multiple benefits attached to the concept of social trading as you do not require extremely high knowledge about forex markets to begin with.

The main principle behind social trading is to have the ability to observe and mimic the investment patterns of different traders in the community.

It is almost like a social media platform or network wherein different traders of different experience levels come together to discuss and interact about market updates, current trends, etc. Some online social trading networks also have a dedicated leader board for all traders to reward the ones that interact and share the most. The key thing is to ensure you do not just blindly trust different traders and their tactics but instead focus on understanding their previous performances and then analysing their strategies to align with your goals. This is essential to get correct guidance when needed from the experts around. This concept is popularly known as "hold hands" in the investment market wherein you take guidance from experts to follow their path and lead your way to success.

## Benefits

Now that you know a bit about the functionality of social trading, let us discuss the important benefits of beginning your forex trading journey with social trading below.

## Relevant And Accurate Information Accessibility

One of the most important benefits of social trading is that you learn about different qualities and strategies from professional investors. This helps you gain the right knowledge & also stay well up to date at all times, which is highly beneficial to stay stable in the forex market.

## Pool Of Strategies

Another very important benefit of social trading is the number of possibilities or outcomes you can predict and plan along for. As opposed to individual trading, in social trading, you come across a variety of strategies and predictions from other investors that can greatly align your strategy and help you make better decisions.





# Exclusively for TPCI members: Complimentary

## Myforexeye application access

\*Till December 2022



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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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