



Forex Market **Insights** Newsletter

Volume 04 → Apr 02nd to Apr 08th 2022

Key Takeaway Summaries

₹ INR

The Indian rupee ended the week at 75.7875 against the US dollar. The price of crude oil plunged which provided strength to the Indian rupee

€ EUR

President Christine Lagarde was surprised with the hawkish stance of EU in the last meeting

£ GBP

Its quite an important week for the pair as BOE Governor Bailey is scheduled to speak on Monday

¥ JPY

Pair couldn't sustain amid widening yield spread b/w US 2-year Treasury & JGB powers.

Welcome

Dear Members,

Interest rate hikes are here with expectations of further increases in months to come. Most US Federal Reserve members have been bullish with favourable economic data. As Ukraine-Russia peace talks seem to make headway, financial markets are taking a breather. Volatile oil prices have kept demand in control, though US President wants to release strategic oil reserves to combat inflation.

Dollar gained considerably especially against Japanese Yen; ECB has been under pressure to raise rates at a faster pace to tame inflation. The difference in US treasury yield curve had briefly inverted increasing worries on the growth outlook. The much awaited LIC IPO didn't see the light of the day in March but fingers are crossed as the DRHP deadline - May first week comes closer. RBI intervened to keep the rupee volatility in check and also announced USDINR sell-buy swaps to make sure that its positions on forward book don't impact dollar liquidity.

Wishing everyone a prosperous new financial year!

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

Apr 04, 10:30
Nikkei Markit
Manufacturing
PMI (Mar)

Apr 06, 10:30
Nikkei Services
PMI (Mar)

Apr 08, 10:00
Interest Rate
Decision

The Rupee recovered to its best levels in March'22 and closed the financial year at 75.78 (1.5% stronger than its all-time lows). Reducing uncertainty about the Russia Ukraine war, cooling crude prices and lower dollar index soothed investor appetite. The Indian rupee ended the week at 75.7875 against the US dollar. The price of crude oil plunged, which provided strength to the Indian rupee and monitoring by the RBI played an important role, keeping the balance and protecting the Rupee from any major headwinds.



Key events next week include Nikkei Markit Manufacturing PMI (Mar), RBI's Interest Rate Decision and Nikkei Markit Manufacturing PMI. The events due for the US dollar are Factory Orders (MoM, Feb), ISM Non-Manufacturing PMI (Mar), Crude Oil Inventories and Initial Jobless Claims. The greenback's move in the upward direction can provide strength to the U.S. Dollar against a basket of six world currencies.

Events to WATCH

Apr 04, 19:30
Factory Orders (MoM) (Feb)

Apr 05, 19:30
ISM Non-Manufacturing PMI (Mar)

Apr 06, 20:00
Crude Oil Inventories

Apr 07, 18:00
Initial Jobless Claims



On the daily candlestick chart, a tweezer bottom is formed on 30-31 Mar'22. This happens when lows of two successive days are the same. In a downtrend, a tweezer bottom indicates short-term support. A lot of price gaps were formed in the last month and all of them have been filled. There are 2 long standing price gaps yet to be filled: 74.73 (23 Feb'22) to 75.0225 (24 Feb'22) – purple horizontal lines, and 73.9750 (13 Jan'22) to 74.04 (14 Jan'22) – green horizontal lines. Learning from history, price gaps in USDINR daily chart usually fill up. Momentum indicators (MACD, RSI and Slow Stochastics) have turned neutral. Long term moving averages (144-day: pink line and 377-day: yellow line) comes around 74.86 and 74.10 respectively. Our sense is for a short term dollar recovery, probably towards 76.00 – 76.20. Dollar importers can start hedging their immediate term liabilities at spot around 75.65 - 75.75: using a prudent mix of forwards and vanilla options. USDINR options volatility has cooled off and hence vanilla options will be relatively cheap. In case the support of 75.65 – 75.75 is broken and rupee gains towards 75.00 – 75.20, dollar importers should increase their hedge ratios. Dollar exporters have had a great time in the recent past – they can look to restart hedging gradually once USDINR gets back towards 76.20 levels.

Events to WATCH

Apr 04, 11:30
German Trade Balance (Feb)

Apr 05, 13:30
Services PMI (Mar)

Apr 05, 13:30
Markit Composite PMI (Mar)

Apr 06, 13:00
IHS Markit Construction PMI (Mar)

Apr 07, 14:30
Retail Sales (MoM) (Feb)

The EURUSD attract interest throughout the week. Volatility can be seen partially due to increasing uncertainty over the war. The Russian-Ukraine provided strength to the pair. While a diplomatic solution is slipping further away. The ECB 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 upcoming week events include German Trade Balance (Feb), Services PMI (Mar), Markit Composite PMI (Mar), German Industrial Production (MoM) (Feb) and Retail Sales (MoM) (Feb). The euro lost value for the month of Mar, as the last sell-off continued. The euro continues to suffer at the hands of the interest rate differential between the ECB and the Fed, which continues to widen. The 1.0850 level had offered support in the past, so retesting could happen soon. If the pair breaks below there, we will look to the 1.07 level. Euro has been losing its value for quite some time now, so it should not be unexpected to see that we got all the way down here.



The 1.1150 level has offered resistance in the near term on the weekly chart, and it extends to the 1.12 handle. The euro continues to struggle overall, but plenty of the massive selling is potentially over at this point as we are testing such a major support region. It seems that the 50-week EMA has crossed below the 200-week EMA a while ago, and it is starting to diverge as far as the distance between the two moving averages is concerned. It's indicating that there is still plenty of momentum to the downside, but we are getting so close to major support levels that I think we are going to decelerate the downtrend. Contrarily if the pair rallies to break above the 1.12 handle, then we have the chance of an attempt to reach the 1.15 level above there. Currently, it looks like any rally will more than likely be faded as we continue to see plenty of negativity.

Events to WATCH

Apr 05, 14:00
Composite PMI
(Mar)

Apr 05, 14:00
Services PMI
(Mar)

Apr 06, 14:00
Construction
PMI (Mar)

GBP/USD fell 0.6% this week, Pair made a high of 1.3188 and went as low as 1.3048 pair remained on the back foot amid the relentless rise in the US dollar alongside Treasury yields. Pair took a move towards 1.3100 as Nonfarm Payrolls in March surge by 431k. Although this reading missed the market anticipation of 490k. We expect pair to gain in the upcoming days as there are some news Russia and Ukraine will reach to a peace agreement. Russia also agreed to reduce military activity near Kyiu last week. It's a quite important week for the pair as BOE Governor Bailey is scheduled to speak on Monday. Composite PMI is set to release to release along with Services PMI of march month in the start of week itself while Construction PMI is scheduled in the mid of week which is expected to come down by 1.8 compared with the previous print of 59.1.



Technically, 1.30 is a key area of interest in this market right now, and if we manage to break it down below there, it could open up the possibility of another significant breakdown. The British pound goes looking towards the 1.28 handle, which had previously been supportive before. On the other hand, if we were to turn around and break above the shooting star from the weekly chart, it could open up a move towards the 1.34 handle, perhaps even 1.35. A move towards the upside is possible if we get some type of shift in the overall attitude of the US\$. With rate hikes and a host of major concerns around the world, that does not seem likely, so we suggest that the most positive outlook for this currency pair is to consolidate just above the 1.30 level. If that were to happen, we can focus on longer-term fundamentals. At this point though, it looks as if the month of April will be negative or consolidation. The 1.30 area is going to be crucial for the next decision that we have to make.

¥ JPY

REPO RATE

-0.10%

GDP

1.1%

INFLATION

0.9%

UNEMPLOYMENT

2.7%

TRADE BALANCE

¥-668B

Events to WATCH

Apr 05, 05:00
Household Spending (YoY)
(Feb)

Apr 05, 06:00
Services PMI
(Mar)



USDJPY ended the week 0.4% higher at 122.50. Pair made a high of 125.10 and went as low as 121.26 this week continuous rise in US Treasury yields supported dollar to gain versus the yen. Though pair went lower but couldn't sustain amid Widening yield spread between the US 2-year Treasury and JGB powers. Further, with increasing interest rate differential between US and Japan, pressure on Yen may stay for some time. Yen levels vs INR are attractive for importers to hedge short term payables at current levels 62.00, levels last seen in April 2019. It's a quiet week on the event side for the pair as only 10 – year JGB Auction is scheduled along with 10 Services PMI of march month. Gravity had no bearing on USDJPY till it reached 125.11, levels last seen in August 2015. After the first week of March 2022, there has been no looking back for the currency pair. It has made a *parabolic move, i.e.* a sharp up move in a shorter time period with exponential price increase.

The momentum indicator RSI (14) has calmed from the overbought zone at 85 to 67 now, while the MACD line and signal line are moving higher, their difference represented by the histograms are slowly increasing their heights. Sooner than later, retracement of prices may happen as seen in the past. The blue ellipse, in 2016, after rising from 103 to 118 in 1 month, USDJPY retraced to 112 in 1 month; similarly seeing the orange ellipse, during the pandemic, from 102.3 in March 2020, it increased to 111.7 in 15 days, then retracing all the way to 107 in less than a week. Such sharp price rise calls for some correction and which may be the case for Yen/US\$ now. Seeing the pink ellipse, on Mar 7, price has shot from 114.8 to 123.2 today, within 21 days.





BLOG

What Is Copy Trading

Multiple categories under forex trading work as methods to maximize earnings. One such methodology is known as copy trading that has been around for decades and still is one of the most popular tactics for all forex traders.

About Copy Trading

The basic principle is the same as mirror trading or auto trading. The main idea is to basically use some kind of technology to replicate the tactics and strategies of real-time forex traders that you aspire to follow or look up to. In reality, all you need to do is replicate the exact trade during the time the real-time investors also trade, giving you the same results as them.. The main priority here before you begin copy trading is to spend time and wisely make a decision on which traders' investment tactics and style align with your end goals. This is important as the nature of investment or trading you are into requires experts from that category itself. There are two ways of participating in copy trading. The first one is doing it on your own and the second is through the medium of a copy trading platform.

Similar to social media platforms, even on a copy trading platform, all you need to do is choose the investor you want to follow and the rest is done for you. The selection of the trading activity you want to replicate and the kind of investments you want to make are all automatic, based on your decision.

There are certain aspects to keep in mind when you wish to finalize an investor to replicate and they include their years of experience in trading, their track record, the type of investments they prefer, and the approximate holding time per investment. Out of all the potential benefits of copy trading, one major advantage is that it allows new traders to also earn big, without much hassle and experience. To understand how copy trading works, all you need to know is that you are required to invest some part of your portfolio into another trader's investments, to copy or replicate them exactly in your trading activities.

Benefits of Copy Trading

There are multiple benefits of copy trading that makes it exciting for any trader. But the benefits are more appealing for beginners.

Limited Losses

One of the biggest advantages for beginners who want to participate in investing is that predicted potential losses are limited. This is because you mimic the strategies and tactics of a professional trader who has been in the business for a long time and their performance speaks for itself. It is a balanced approach, to begin with as it allows you to divide your money more effectively for investment.

Passive Tactic

As opposed to an active approach for trading and investment, with copy trading you adopt a more laid back or passive approach to target investments that have a higher chance of success. You have the independence to begin at whatever level and with how much ever knowledge you have as you mimic investors and succeed.



Exclusively for TPCI members: Complimentary

Myforexeye application access

*Till December 2022



Scan this QR
To Get the
Myforexeye APP

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%)

Contact Details



Ritik Bali
8860447723
advisory@myforexeye.com



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

Nikhaar Gogna
9818995401
editorial@tpci.in

***DISCLAIMER:** The information provided in this newsletter is for general informational purposes only. All information is provided in good faith, however we make no representation or warranty of any kind, express or implied, regarding the accuracy, adequacy, validity, reliability, availability or completeness of any information in this newsletter. Under no circumstance shall TPCI or Myforexeye have any liability for any loss or damage of any kind incurred as a result of the usage or reliance on any information provided on the in the newsletter. Your usage and reliance on any information on this newsletter is solely at your own risk.*