



Forex Market **Insights** Newsletter

Volume 124 → July 13 to July 19, 2024

Welcome

Dear Stakeholders,

We have been closely monitoring the recent trends in the global currency markets. The US Dollar Index has seen significant downward pressure, hitting five-week lows around 104.00. This week, we're keeping an eye on key economic indicators like retail sales and housing market data.

In Europe, the Euro has strengthened against the dollar, reaching multi-week highs near 1.0900. We're anticipating important events like the ECB meeting and inflation data. The British Pound has also shown strength, approaching the 1.3000 mark. UK inflation and labor market reports will be crucial to watch. In Asia, the Japanese Yen saw intervention pushing US\$/JPY down to the 157.00 range. Meanwhile, China's economy continues to face challenges, with GDP growth expected to slow in Q2.

Looking ahead, I anticipate that US economic data will continue to influence the dollar's movement. If the US economy shows signs of strength, the dollar might recover. However, global economic uncertainties, particularly in Europe and Asia, could add volatility to the forex markets.

Thank You
Vijay Gauba
Additional Director
General Trade Promotion Council of India

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Key Takeaway Summaries

₹ INR

In June, food prices rose and India's retail inflation increased for the first time in 5-months, reaching 5.08% annually.

€ EUR

EURUS\$ showed strong gains, sustaining a three-week upward trend and achieved above 1.0900, its highest since early June.

£ GBP

The GBPUS\$ gained this week, continuing its uptrend from the past two weeks. The pair gained by 1.5% this week and reached 1.2990 levels, which is one year high.

¥ JPY

US\$JPY dropped sharply to 157.42 as US inflation fell below expectations, sparking speculation of Japanese intervention in FX markets.

Events to WATCH

July 15, 12:00
WPI
Manufacturing
Inflation (YoY)
(Jun)

July 15, 12:00
WPI Inflation
(YoY) (Jun)

July 15, 15:30
Trade Balance

July 15, 15:30
Exports (US\$)

July 15, 15:30
Imports (US\$)

July 19, 17:00
FX Reserves, US\$

The US\$INR pair continues to trade in the same old range of 15 paisa despite a big change in the US interest rate expectations. Initially, it was a quiet start for the week amid no events or data release from both the economies but the week ended with major developments on the US side, yet the value of the currency pair remains unaffected. In the middle of the week, Fed chair Powell in his speech acknowledged that the job market in the United States has returned to its pre-pandemic levels and the country is no longer experiencing an overheated economy. Whatever Powell said in his speeches, the same was clearly visible in the inflation data released the next day. US CPI data showed a cool-off in the economy by dropping to 3%, lowest level since June, 23. The data resulted in the weakening of the dollar index by 0.75% to 104.08, a 1-month low level last traded on June 6. The market is now pricing 92% probability of a rate cut by the Fed in its September Meeting and 2 rate cuts of quarter-point each for 2024. The change in interest rate expectation is pretty evident through the downfall seen in the US bond yields.



The 2-year bond yields fell by 17bps to 4.45% whereas 10-year dropped by 12bps to 4.18%. On the Indian front, The Reserve Bank of India released figures on Friday which indicated that, India's foreign exchange reserves had increased by \$5.16 billion to an all-time high of \$657.16 billion, as of July 5. Generally speaking, the RBI occasionally steps in to control market liquidity, which includes selling dollars, in an effort to stop the rupee from depreciating sharply. The RBI keeps a careful eye on the foreign exchange markets and only steps in to keep things in order by limiting excessive market volatility and not using any predefined target level or band. In June, food prices rose and India's retail inflation increased for the first time in 5-months, reaching 5.08% annually. Although headline inflation has stayed within the Reserve Bank of India's tolerance range of 2–6%, but it has moved farther away from its median target of 4%, which is essential to the RBI's ambitions of lowering rates this year. Increasing chances for a rate cut by the fed whereas RBI indicated on Thursday that it's premature to talk about interest rate cuts in India, the CPI data also supported the argument. Thus, a strong fundamental reason for Rupee to recover.

\$ USD

REPO RATE

5.5%

GDP

1.4%

INFLATION

3%

UNEMPLOYMENT

4.1%

TRADE BALANCE

\$-75.07B

Events to WATCH

July 16, 18:00
Retail Sales (MoM)
(Jun)

July 16, 18:00
Core Retail Sales
(MoM) (Jun)

July 17, 18:00
Building Permits (Jun)

July 17, 18:45
Industrial Production
(MoM) (Jun)

July 17, 20:00
Crude Oil Inventories

July 18, 18:00
Philadelphia Fed
Manufacturing Index
(Jul)

July 18, 18:00
Initial Jobless Claims



Same range same commentary - The US\$INR pair continues to trade in the same range of 83.40-83.55. If we talk about short term then the pair has stayed inside its month-long range, since March 21.

Analyzing the daily-frame chart, the pair continue to show bullish signs as it trades above the 100-day EMA (blue line). Moreover, the 14-day Relative Strength Index (RSI) also trades in the bullish territory above the 50-midline, indicating potential consolidation. The initial short-term support is around 83.30, aligning with the 100-day EMA, while the next strong support is at the round figure of 83.00. The previously identified resistance zone at 83.60-83.65 continues to hold, and breaking past this level could lead the pair to a new all-time high.

Same range leads to same advice - Exporters to continue hedging above 83.55 level and maintain a comfortable position of 50-50% whereas importers to remain alert, any dip of 10-15 paise they can hedge for short term payments and it is recommended to use a combination of forwards and options for hedging exposures.

Events to WATCH

July 15, 11:30

German Retail Sales (MoM) (May)

July 16, 14:30

ZEW Economic Sentiment (Jul)

July 16, 14:30

German ZEW Economic Sentiment (Jul)

July 17, 14:30

CPI (YoY) (Jun)

July 18, 17:45

ECB Interest Rate Decision (Jul)

July 19, 11:30

German PPI (MoM) (Jun)

In another promising week, EURUS\$ continued its upward momentum with substantial gains, marking its third consecutive week of positive performance and reaching the crucial 1.0900 level for the first time since early June. The strong weekly performance of the Euro and other risk-linked currencies was driven by the significant deterioration in the outlook for the Dollar. Following the release of US CPI figures which were below expectations, the Greenback extended its monthly decline to approach five-week lows near the 104.00 level. In June, US consumer prices declined for the first time in four years, signaling disinflation and increasing expectations of a Federal Reserve rate cut in September meeting. Meanwhile, expectations for further rate cuts by the ECB have waned, with officials foreseeing price pressures staying near current levels throughout the year. ECB policymakers are cautious about committing to a predefined rate-cut trajectory, concerned that aggressive policy measures could reignite inflationary pressures.



The EURUS\$ pair commenced the week at 1.0800, with bullish momentum driving it to close near the weekly high of 1.0911. This movement signifies a break from the month-long trading range of 1.0700-1.0800, entering a new range of 1.0800-1.0900. The US CPI data released on Thursday indicated cooling inflation, boosting bullish sentiment for major currencies. Looking ahead, a break below this week's low could push the pair down to 1.0750, potentially reverting to the previous trading range. Conversely, if the EURUS\$ surpasses the 1.0900 resistance, it may climb towards 1.1000, with the 50-week EMA at 1.0800 becoming a support level. This week's activity underscores critical levels to monitor for potential breakouts in upcoming sessions. The EURUS\$'s performance will likely be influenced by ongoing economic data and market sentiment, highlighting the importance of these key thresholds.

Events to WATCH

July 17, 11:30
PPI Input (MoM)
(Jun)

July 17, 11:30
CPI (YoY) (Jun)

July 18, 11:30
Average Earnings
Index +Bonus (May)

July 18, 11:30
Unemployment Rate
(May)

July 18, 11:30
Claimant Count
Change (Jun)

July 19, 11:30
Retail Sales (MoM)
(Jun)

The Sterling continued with its uptrend for the third consecutive week. The pair received support from the strong UK economic fundamentals and the major weakness in the dollar index. The pair benefitted from the release of bullish UK GDP, which showed that the economy grew by 0.4% in the month of May, after stagnating in April. The hawkish comments from BoE Chief Economist Hue Pill also supported the pound and reduced the chances of BoE rate-cut in August, as he stated that the higher service inflation and wage growth in the economy, still suggests that there is a long path ahead to reach BoE's 2% inflation target. The US dollar was under pressure after the release of US CPI which came lower than expectation. The lower US CPI strengthened the case of a September Fed rate-cut to 93%, which were 73%, a week ago. After the data, the pound gained and made a 1-year high of 1.2990. Overall, the future outlook of the pair remains bullish with divergence in both the central bank's policy outlook. UK CPI, US Retail sales and speeches from Fed members will be scrutinized for further cues.



The GBPUS\$ gained this week, continuing its uptrend from the past two weeks. The pair gained by 1.5% this week and reached 1.2990 levels, which is one year high. On the daily chart frame of the pair, the bullishness in the pair is clearly visible, from back-to-back green candle formation. The pair was able breach both the resistance at 1.2825 and 1.2862, showing the buyer's interest in the pair. The pair is currently trading above the 100-Days EMA and the MACD Indicator is also in the positive territory suggesting the presence of bullish momentum in the pair. The next resistance can be seen at 1.3040 (purple line), previous high, preventing further upside. However if the pair retraces its path, it may find support at 100-Days EMA (blue line), protecting the downside.



REPO RATE

0.1%

GDP

-0.5%

INFLATION

2.8%

UNEMPLOYMENT

2.6%

TRADE BALANCE

¥ -1221B

Events to WATCH

July 16, 10:00
Tertiary Industry Activity Index (MoM)

July 18, 05:20
Trade Balance (Jun)

July 18, 05:20
Exports (YoY) (Jun)

July 18, 05:20
Adjusted Trade Balance

July 19, 05:00
National Core CPI (YoY) (Jun)

July 19, 05:00
National CPI (MoM)

This week US\$JPY saw a significant decline and dropped to 157.42 level after US inflation figures came in softer than expected. The drop was notably sharper than other currency pairs, prompting speculation about potential Japanese intervention in the FX markets. While Japanese authorities have not confirmed any intervention, they have affirmed readiness to take measures to bolster the yen. Meanwhile, the dollar experienced a sharp decline as inflation fell for the first time in four years, significantly boosting expectations of a Fed rate cut. This followed Powell's statement that policymakers required more evidence of a downward trend in inflation. As a result, the likelihood of a Fed rate cut in September surged from 73% to 93%. Market Participants are nearly certain that the US central bank will initiate interest rate reductions in September. Consequently, the dollar lost its allure, enabling the yen to rebound. Due to increased expectations of US rate cuts, yields have declined, narrowing the interest rate differential between the US and Japan. These dynamic is likely to pressure the US\$JPY pair downward and bolster positive movements in the Yen.



The US\$JPY pair began the week above 160, reaching a weekly high of 161.80 mid-week before the US CPI release. Despite this rise, the pair remained below 162, which is expected to act as a strong resistance in the future. The market saw significant buying activity, with participants targeting potential sell-offs between 160 and 162. However, the pair's upward movement was constrained as the US CPI came in lower than expected, hinting at two potential rate cuts from the Fed. The BoJ policies also limited the upside, with the yen gaining 3% and making a weekly low of 157.35. Technically, short-term pullbacks are expected to attract buyers, particularly around the 157-158 level. On the upside, current levels will be closely watched for potential new highs, which could turn into historical resistance for future predictions. This week's movements underscore the importance of monitoring key levels for potential breakouts or reversals in the coming sessions.



BLOG

Do You Know You Should Remember These Things Before Buying A Forex Card In 2024?

Hello, forex enthusiasts and travelers! We're excited to share some important insights about buying a forex card in 2024. As a team that's been in the forex business for years, we've seen countless travelers make mistakes when managing their money abroad. Let's dive into what you need to know before getting a new foreign exchange card.

Understanding Exchange Rates: Our Specialty

At Myforexeye, we live and breathe exchange rates. One thing we've noticed is that many travelers don't realize how much rates can vary between providers. Don't just accept the first rate you're offered! Shop around and compare. We pride ourselves on offering the best competitive rates, but we always encourage our customers to do their homework. Remember, even a small difference in exchange rates can add up over the course of your trip.

The Exchange Rate Game

First things first – exchange rates can make or break your budget. Don't just settle for the first rate you see. Shop around, compare, and remember that even small differences can add up. We're proud of our competitive rates at Myforexeye, but we always encourage our customers to do their homework.

Fees: The Sneaky Travel Expense

Ah, fees – they're like that friend who always forgets their wallet. Keep an eye out for currency conversion fees, ATM charges, inactivity fees, and reload costs. Pro tip: Some cards waive certain fees if you load a minimum amount. It's worth asking about these offers – your wallet will thank you later.

Currency Coverage: Think Global

Here's a common mistake – assuming all forex cards work everywhere. Spoiler alert: they don't. Always check if your card covers the currencies you'll need. Some even offer multi-currency options on a single card – perfect for you country-hoppers out there!

Tech Savvy Travel

In 2024, if your forex card doesn't have a good app, you're living in the past. Look for features like real-time balance updates, card locking, and in-app support. Trust us, these can be lifesavers when you're halfway across the world.

Reloading Made Easy

Nothing's worse than running out of funds mid-trip. Check how easy it is to reload your card. Can you do it online? Through an app? Or do you need to visit a branch? Our advice? Go for cards with instant online reloads. Future you will be grateful.

Safety First, Always

We've heard some real forex horror stories over the years. Look for cards with chip and PIN protection, zero liability policies, and emergency card replacement. Remember, peace of mind is priceless when you're exploring new horizons.

Expiry Dates: Not Just a Number

Here's something often overlooked – forex cards have expiry dates, and sometimes the funds do too. Always check if your money has a "use-by" date. It's not fun discovering your travel funds have vanished into thin air.

Diversify Your Funds: A Myforexeye Golden Rule

Finally, a piece of advice we give all our clients: don't put all your eggs in one basket. While we're confident in our forex card, we always recommend carrying a mix of payment options. A backup credit card and some cash can be lifesavers if technology fails or you lose your primary card.

Wrapping It Up

There you have it – your crash course in choosing a forex card for 2024. Remember, the best card for you depends on your specific travel plans. At Myforexeye, we're always excited about new forex innovations, but we're even more excited about helping you make the most of your travels. So go ahead, pick the right card, and focus on what really matters – creating unforgettable memories on your adventures!



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*TILL MARCH 2025



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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%)

THANK YOU



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