



## Forex Market **Insights** Newsletter

Volume 132 → Sep 14 to Sep 20, 2024

## Key Takeaway Summaries

### ₹ INR

RBI Governor Shaktikanta Das, speaking at the Bretton Woods Forum, stated that India's growth potential is 7.5% or higher, slightly above the central bank's full-year forecast of 7.2% for 2024

### € EUR

Lagarde suggested that ECB will adopt a meeting-by-meeting approach, reducing the bets of a further rate-cut in October month.

### £ GBP

the UK economy recorded zero growth in July following a stagnation in June, according to data, falling short of the anticipated 0.2% increase

### ¥ JPY

The narrowing US-Japan interest rate differential, driven by contrasting policy outlooks, has led to the unwinding of Japanese Yen carry trades.

# Welcome

Dear Stakeholders,

We have been closely monitoring the economic landscape since July's US employment report sparked recession fears. All eyes are on the Fed's upcoming decision this Wednesday. The big question isn't if they'll cut rates, but by how much.

After Powell's Jackson Hole speech, investors have been laser-focused on job data. Even August's underwhelming NFP report had some betting on a 50bps cut. While that cooled after August's CPI data showed high inflation, recent media reports have reignited speculation. The dollar has weakened, testing below 101.00. We're in for a busy week with key economic indicators and the Fed's decision taking center stage. The EURUS\$ briefly touched 1.1100 but couldn't hold. The ECB has its own data releases to watch.

Looking ahead, I foresee continued pressure on the dollar depending on the Fed's move and global economic factors. The euro and pound might hold steady, while the Japanese yen could benefit from BoJ's cautious policies. As we navigate these developments, it's clear that market movements will remain unpredictable, but I expect the dollar to see gradual recovery in the long term.

Thank You  
Vijay Gauba  
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## Events to WATCH

Sep 16, 15:30  
Trade Balance  
(Aug)

Sep 17, 12:00  
WPI Inflation (YoY)  
(Aug)

Sep 20, 17:00  
FX Reserves, US\$

The US\$INR pair experienced another low-volatility week, with daily movements limited to less than 5 paise for four out of five trading sessions. On the final day, there was a slight movement as the Indian rupee recovered to near its 2-week high of 83.85. The key driver for the pair remains the U.S. Federal Reserve's interest rate outlook, which saw fluctuating expectations this week. Initially, the odds favored a 25bps rate cut with a 70:30 probability, rising to 90:10 mid-week after the release of U.S. CPI data, which showed a minor 0.1% increase from the previous month. However, by week's end, the probability shifted back to 60:40, still favoring a quarter-point cut. A big shift occurred on the last day, with the chances of a larger 50bps cut jumping from 10% to 40%, influenced by an article in the Wall Street Journal supporting the larger cut, and comments from former New York Fed President Bill Dudley, who argued that current rates are 150-200bps above the neutral rate for the U.S. economy.



In terms of India's fundamentals, Reserve Bank of India Governor Shaktikanta Das, speaking at the Bretton Woods Committee's Future of Finance Forum, stated that India's growth potential is 7.5% or higher, slightly above the central bank's full-year forecast of 7.2% for 2024. India's August retail inflation came in slightly above expectations due to a spike in vegetable prices, with the CPI rising to 3.65% compared to the expected 3.55% and July's 3.54%. This suggests that there are no immediate rate cuts on the horizon. Additionally, India's foreign exchange reserves hit a new all-time high of \$689.235 billion as of September 6, up from \$683.987 billion at the end of August. Therefore, if the Fed opts for a larger rate cut in its September meeting, we could see some downside pressure on the US\$INR pair.

# \$ USD

REPO RATE

5.5%

GDP

3%

INFLATION

2.5%

UNEMPLOYMENT

4.2%

TRADE BALANCE

-\$78.79B

## Events to WATCH

Sep 17, 18:00

Core Retail Sales (MoM)  
(Aug)

Sep 17, 18:00

Retail Sales (MoM)  
(Aug)

Sep 18, 23:30

Fed Interest Rate  
Decision

Sep 19, 12:00

FOMC Press Conference

Sep 19, 18:00

Initial Jobless Claims

Sep 19, 18:00

Philadelphia Fed  
Manufacturing Index  
(Sep)

Sep 20, 19:30

Existing Home Sales  
(Aug)



The US\$INR pair traded in a tight range of less than 5 paise for most of the week, with a slight recovery toward the end as the pair reached a nearly 2-week low of 83.85, driven by a weaker dollar.

On the daily chart, a strong resistance at the 83.98-99 level (highlighted by the yellow line) is evident, with the pair reversing after testing this level. The 21-day SMA (blue line) placed at 83.88, which acted as initial support for the US\$INR pair, has been breached, indicating a potential shift toward a bearish trend. The next key support is at 83.78, in line with the 50-day EMA (white line). Meanwhile, the 14-day RSI remains slightly above the 50 level, signaling the possibility of a reversal.

As the pair approaches its support level, importers should consider covering short-term payables at current market rates, while exporters have favorable opportunities to hedge, targeting levels above 83.96. A combination of options and forwards is recommended for hedging strategies.



## Events to WATCH

Sep 16, 14:30

Trade Balance (Jul)

Sep 17, 14:30

German ZEW Economic Sentiment (Sep)

Sep 18, 14:30

CPI (YoY) (Aug)

Sep 18, 14:30

Core CPI (YoY) (Aug)

The EURUS\$ pair declined this week, as it fell continuously for three consecutive days in a row in the beginning of the week, only to recover some of its losses towards the end. The pair declined initially due to bearish economic data release from the euro front and the gain in the dollar index after the chances of a 50 bps cut from the Fed reduced initially after the US CPI came as per the expectation. The German CPI also came as per the expectation and lower than the previous numbers, reflecting the downtrend in the inflation trajectory of the Eurozone's largest economy, raising the expectation of a cut from ECB. On Thursday, the ECB cut rates by 25 bps as per the expectation. But the speech from ECB president Christine Lagarde suggested that ECB will be data-dependent and adopt a meeting-by-meeting approach, reducing the bets of a further rate-cut in October month. After the comments, the Euro gained. These gains were further fuelled by the WSJ article suggesting that Fed's rate-cut dilemma, which led to a rise in chances of 50 bps cut by Fed to 41%, which were 13% earlier. The pair gained and made a high of 1.1101 and ended the week slightly lower at 1.1071.



The EURUS\$ pair began the week trading at 1.1083, maintaining a position above the critical 1.1000 support level. Early in the week, the pair faced resistance at 1.1100, as traders awaited the U.S. CPI data and monitored expectations of a potential ECB rate cut. Despite the release of stronger U.S. PPI data, comments from a former Federal Reserve official suggesting the possibility of a 50 basis point rate cut weighed on the US\$, with the FedWatch Tool showing a 41% probability of such a move. Key resistance for the EUR/US\$ remains between 1.1100 and 1.1200, with a breakout possibly driving the pair towards 1.1250-1.1300. On the downside, failure to hold above 1.1100 could see the pair retest the 1.1000 support level. The direction of the EURUS\$ will be shaped by upcoming economic data, particularly the Federal Reserve's meeting on September 17.



## Events to WATCH

Sep 18 11:30  
CPI (MoM) (Aug)

Sep 18, 11:30  
CPI (YoY) (Aug)

Sep 19, 16:30  
BoE Interest Rate Decision (Sep)

Sep 20, 16:30  
Core Retail Sales (MoM) (Aug)

Sep 20, 16:30  
Retail Sales (YoY) (Aug)

The GBPUS\$ pair started the week on a negative note by opening at the 1.3111 levels. The pair's movement was largely driven by the movement in the dollar index and fed rate-cut expectations. The pair was under the pressure due to slight gain in the dollar index. Data released by the US BLS on Wednesday revealed that the CPI increased by 0.2% MoM in August, in line with market expectations. However, core CPI for August rose by 0.3% MoM, surpassing the forecasted 0.2%. Persistent inflationary pressures have led markets to dismiss the possibility of a significant Federal Reserve rate cut this month. The Pound also came under pressure due to weaker-than-expected UK wage growth and GDP figures published on Tuesday and Wednesday, respectively. UK Average Earnings excluding Bonuses grew by 5.1% on a three-month YoY basis in July, down from 5.4% in June. Meanwhile, the UK economy recorded zero growth in July following a stagnation in June, according to data, falling short of the anticipated 0.2% increase. However the pair managed to recover at the end, as the chances of a 50 bps increased after the release of the Initial Jobless claims that came higher than expected, and the article from Wall Street Journal on Fed rate-cut dilemma, which led to gains in the sterling as it ended the week above 1.3100 levels.



The GBPUS\$ pair snapped its downward momentum as the pair gained this week after declining for the two weeks in a row. On the daily chartframe of the pair, the seller's interest in the pair can be seen in the starting of the week, as the pair declined to more than a 2-week low of 1.3001. However, the pair found some support at the same level and bounced back. The pair recovered slightly towards the end and closed the week higher at 1.3120. The MACD Indicator also suggests a bearish trend in the near-term as the MACD line can be seen marching downwards towards the zero line. If the pair continues its downtrend the first possible support can be seen at the 1.3000 level (orange line). If the pair breaches this level, the next possible support lies at the 50-Week EMA at 1.2975 levels, preventing further downside in the pair.



## Events to WATCH

Sep 17, 10:00

Tertiary Industry Activity Index (MoM) (Jul)

Sep 18, 05:20

Exports (YoY) (Aug)

Sep 18, 05:20

Trade Balance (Aug)

Sep 20, 05:00

National Core CPI (YoY) (Aug)

Sep 20, 08:30

BoJ Interest Rate Decision)

The US\$JPY pair remains under pressure due to divergent policy expectations between the Federal Reserve (Fed) and the Bank of Japan (BoJ). Investors are awaiting key Fed and BoJ meetings next week, seeking fresh direction for the pair. The narrowing US-Japan interest rate differential, driven by contrasting policy outlooks, has led to the unwinding of Japanese Yen (JPY) carry trades. Markets are increasingly pricing in the possibility of a larger interest rate cut by the Fed, with the FedWatch Tool indicating a 41% chance of a 50 basis point cut. Despite strong U.S. PPI data, this potential policy shift has weighed on the US\$. Meanwhile, the yen found support as it touched a 1-month low of 140.27. Adding to JPY strength, BoJ board member Naoki Tamura hinted that short-term rates may rise to 1% by fiscal 2026, reinforcing expectations of further BoJ rate hikes, which could fuel more JPY buying and potentially lead to further US\$JPY depreciation.



The US\$JPY pair opened the week higher at 142.13, with resistance observed around the 143-144 zone in early trading. Despite stronger U.S. PPI data, the US\$ faced pressure following comments from a former Federal Reserve official hinting at a potential 50 basis point rate cut, with the FedWatch Tool indicating a 41% probability of this outcome. The pair subsequently broke below its 1-month low, reaching 140.27, and continued to decline, falling under the 141 level. Technically, pullbacks may attract buyers, with short-term resistance at 143.50 (R1). The 140-141 zone could provide additional support if the yen stabilizes within the 142-143 range next week. This week's sharp movements suggest limited downside for the pair, as much of the unwinding of large carry trades has likely occurred. Traders should keep an eye on these key levels, especially with potential shifts in broader market conditions.



# BLOG

## How the Best Forex Signal Providers Can Enhance Your FX Currency Trading Account

At 3 AM in Mumbai, a trader's phone buzzes with an alert: a major economic shift is impacting currency pairs, posing potential losses. For those involved in forex trading, this situation is common. The forex market operates 24/7, filled with both opportunities and risks.

### Understanding Forex Signals

Forex signals are essentially trading suggestions generated by experts or automated systems, indicating entry and exit points for currency pairs. They help traders make informed decisions. The top forex signal providers offer signals based on a mix of technical analysis, fundamental research, and market knowledge. For traders in India and worldwide, these signals can provide a vital edge, allowing access to expert insights without the need to master years of trading strategies.

### How Forex Signal Providers Enhance Your Trading

**Expert Analysis:** The forex market is affected by numerous factors, including economic data and global events. Leading forex signal providers employ expert analysts who continuously monitor these influences. By subscribing to a signal service, traders gain access to expert knowledge without the cost of hiring a personal consultant. These experts use sophisticated forex trading strategies to highlight promising trades, saving you hours of research.

**Real-Time Information :** In forex trading, timing is crucial. The best forex signal providers offer timely, real-time insights, allowing traders to react quickly to market shifts. This is especially useful for traders in India, where market

activity may occur outside local time zones.

**Education and Growth :** Top-tier signal providers don't just offer trading tips; they also provide educational resources to help traders understand the reasoning behind the signals. This transforms signal services into learning tools, enabling traders to build their skills and gradually become more independent.

### Risk Management:

Success in forex trading isn't just about finding good trades—it's about managing risk effectively. The best signal providers incorporate risk management advice, such as stop-loss levels and position sizes, ensuring traders protect their capital while navigating the market.

### Choosing the Right Forex Signal Provider

When selecting a forex signal provider, consider the following:

- 1. Track Record:** Look for providers with a history of accurate predictions.
- 2. Signal Frequency:** Choose a provider whose signals align with your trading style, whether you prefer frequent updates or fewer, high-quality opportunities.
- 3. Delivery Method:** Ensure signals are delivered through your preferred platform, whether by email, SMS, or trading apps.
- 4. Customer Support:** Good customer service is essential for resolving any issues quickly.
- 5. Cost:** While cost is a factor, focus on value for money rather than opting for the cheapest option.

### Integrating Forex Signals into Your Trading

Once you've selected a provider, it's important to integrate their signals into your routine effectively. Start by testing the signals using a small portion of your account. Take the time to understand the rationale behind each recommendation and combine it with your own analysis. Monitoring and adjusting your strategy based on performance is key to success.

The Future of Forex Signals With advancements in technology, AI and machine learning are playing a larger role in generating forex signals. However, human expertise remains crucial, especially in interpreting complex global events. Staying updated with these developments will give traders a competitive advantage.





# THANK YOU

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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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