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## **Forex Weekly Research Report**

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**4 January 2025**

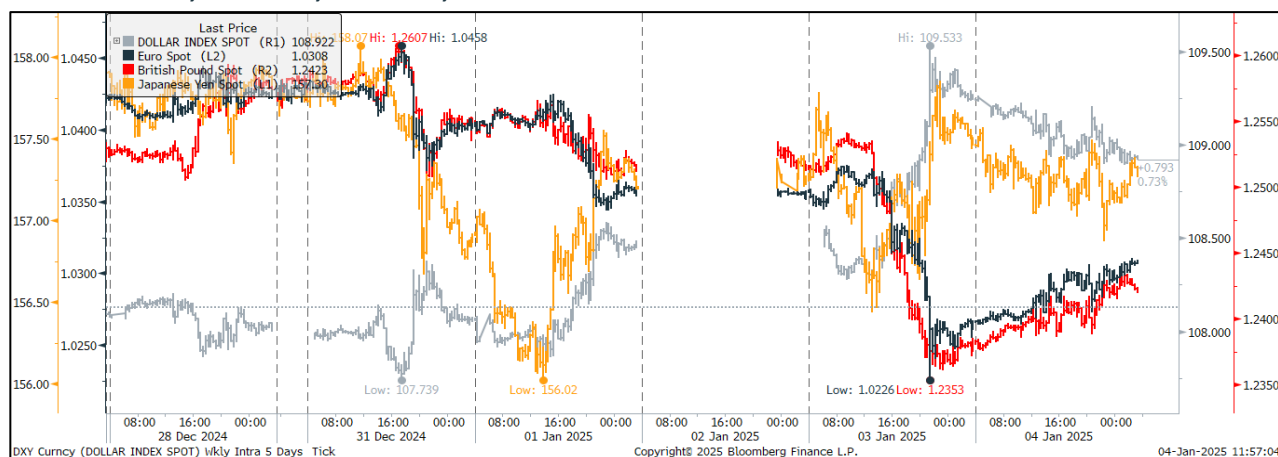
# Forex Weekly Research Report

## Market Summary & Outlook:

- The US dollar's strength looks poised to persist into early 2025, supported by a favorable economic and fiscal backdrop. The US economy's outperformance relative to other major economies continues to attract investment, supporting demand for the greenback.
- On Friday, the US dollar experienced a slight pullback after reaching a two-year high on Thursday. Despite the drift lower, the dollar still managed to close the week with a solid gain of 0.9%, finishing at 108.95, marking the fifth weekly gain in a row.
- The dollar's movements were also influenced by broader market dynamics, including fluctuations in risk sentiment and adjustments in expectations for future interest rate decisions.
- The dollar strength is expected to continue in the near term, with the possibility of further gains if the economic and political conditions remain favourable. Overall, the outlook remains bullish for the dollar, supported by strong fundamentals and technical indicators. The policy divergence and robust economic data may continue to bolster dollar strength.
- However, challenges to the dollar's dominance could arise later in 2025. Key factors include the timing and impact of fiscal policy adjustments, such as potential changes in tariffs and trade policies, which could negatively affect sentiment. A shift in the political landscape, both in the U.S. and internationally, may impact the direction of fiscal policies, potentially leading to a bearish outlook for the dollar if policies that hinder growth or market confidence are implemented. If other central banks, such as the European Central Bank or the People's Bank of China, adopt more aggressive measures to support their currencies, this could undermine the dollar's strength. The ongoing weakness of the Chinese currency and lower Chinese bond yields continue to exert pressure on other Asian currencies.

Currency Performance			
Currency	03-Jan-25	27-Dec-24	% Change
Dollar Index Spot	108.95	108.00	0.88%
Euro Spot	1.0308	1.0426	-1.13%
British Pound Spot	1.2423	1.2578	-1.23%
Japanese Yen Spot	157.26	157.87	-0.39%
Chinese Yuan Spot	7.358	7.300	0.80%
USDINR	85.78	85.54	0.28%
EURINR	88.26	89.11	-0.96%
GBPINR	106.41	107.01	-0.56%

## Dollar Index, EURUSD, GBPUSD, USDJPY



## Currency Performance and Level to Watch:

Currency	Weekly High	Weekly Low	Weekly Close	Weekly % Chg.	MTD % Chg.	QTD % Chg.	YTD % Chg.
Dollar Index	109.53	107.74	108.95	0.88%	0.43%	0.43%	0.47%
EURUSD Spot	1.0458	1.0226	1.0308	-1.13%	-0.44%	-0.44%	0.00%
EURINR Spot	89.38	88.00	88.26	-0.61%	1.07%	1.07%	-0.94%

Currency	Pivot	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3
Dollar Index	108.74	105.15	106.95	107.95	109.74	110.54	112.33
EURUSD	1.0331	0.9867	1.0099	1.0203	1.0435	1.0563	1.0795
EURINR	88.55	85.79	87.17	87.71	89.09	89.92	91.30

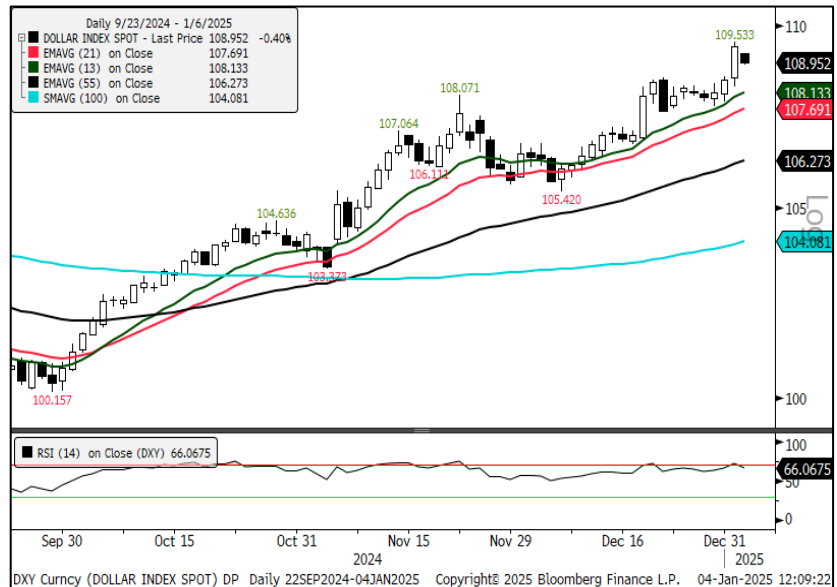
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## Technical Outlooks:

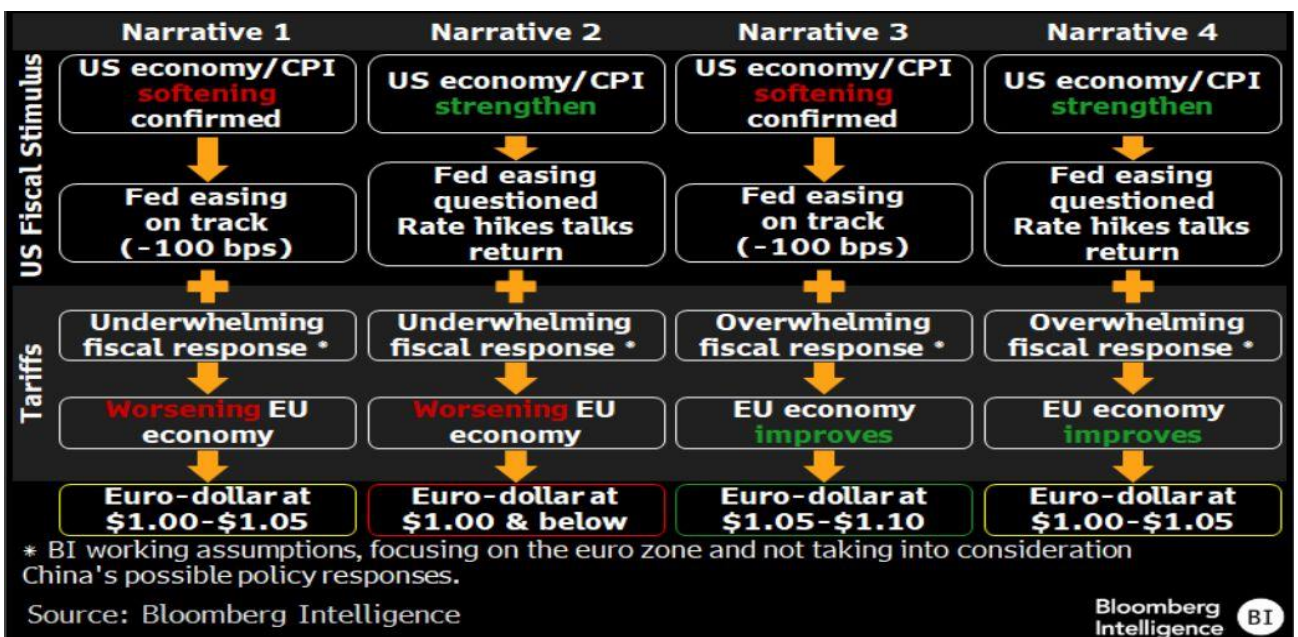
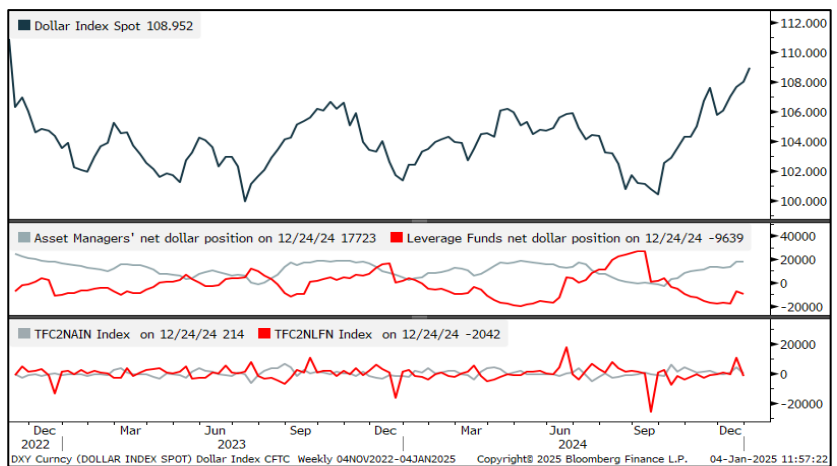
### Dollar Index View:

- The dollar closed below a Doji candle low on Friday indicating weaker bias.
- However, it has been placed well above the major moving averages.
- On the daily chart, the relative strength index (RSI) exited from the overbought zone with a negative divergence.
- The index has support at 105.40 and resistance at 109.20

Spot EURINR: *Volatile within the range of 88.20 to 89.90*



**Bullish Dollar bets continue with \$28.53 bn**



# Equity Weekly Research Report

Economic Calendar					
Date	Country	Event	Period	Survey	Prior
06-Jan	Japan	Jibun Bank Japan PMI Services	Dec F	--	51.4
	China	Caixin China PMI Services	Dec	51.4	51.5
	India	HSBC India PMI Services	Dec F	--	60.8
	EC	HCOB Eurozone Services PMI	Dec F	51.4	51.4
	EC	Sentix Investor Confidence	Jan	-17.9	-17.5
	UK	S&P Global UK Services PMI	Dec F	51.4	51.4
	US	S&P Global US Services PMI	Dec F	58.5	58.5
	US	Factory Orders	Nov	-0.40%	0.20%
	US	Durable Goods Orders	Nov F	-0.40%	-1.10%
07-Jan	UK	S&P Global UK Construction PMI	Dec	54.4	55.2
	EC	CPI Core YoY	Dec P	2.70%	2.70%
	EC	Unemployment Rate	Nov	6.30%	6.30%
	India	GDP Financial Year Estimate YoY	2025 A	6.50%	8.20%
	US	Trade Balance	Nov	-\$78.2b	-\$73.8b
	US	JOLTS Job Openings	Nov	7745k	7744k
	US	ISM Services Index	Dec	53.5	52.1
08-Jan	Japan	Consumer Confidence Index	Dec	36.6	36.4
	EC	Consumer Confidence	Dec F	--	-14.5
	EC	PPI YoY	Nov	-1.40%	-3.20%
	US	MBA Mortgage Applications	03-Jan	--	--
	US	ADP Employment Change	Dec	133k	146k
	US	Initial Jobless Claims	04-Jan	216k	211k
	US	Continuing Claims	28-Dec	1862k	1844k
	US	FOMC Meeting Minutes	18-Dec	--	--
09-Jan	China	CPI YoY	Dec	0.10%	0.20%
	China	PPI YoY	Dec	-2.50%	-2.50%
	EC	Retail Sales YoY	Nov	--	1.90%
	US	Challenger Job Cuts YoY	Dec	--	26.80%
10-Jan	India	Industrial Production YoY	Nov	4.00%	3.50%
	India	Foreign Exchange Reserves	03-Jan	--	\$640.3b
	US	Change in Nonfarm Payrolls	Dec	160k	227k
	US	Unemployment Rate	Dec	4.20%	4.20%
	US	U. of Mich. Sentiment	Jan P	73.9	74

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