



**STAT EDGE**

## **Forex Weekly Research Report**

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**14 December 2024**

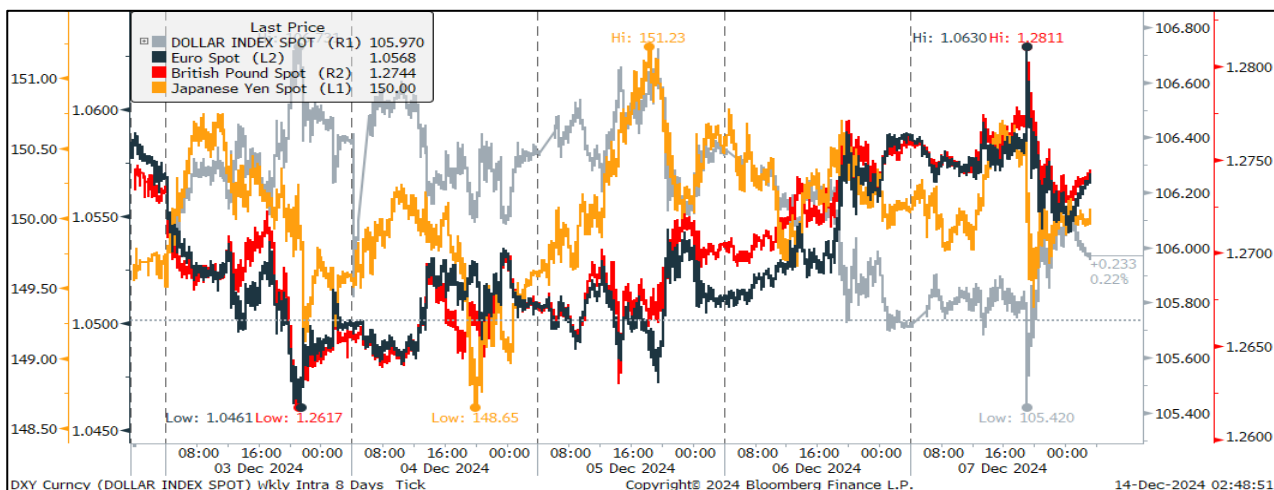
# Forex Weekly Research Report

## Market Summary & Outlook:

- The dollar's strength this week is largely driven by weakness in its Asian counterparts, a trend that could extend further, particularly as the interest rate differential between the US and major Asian economies continues to widen. The ICE dollar index gained 0.9% to 106.99.
- In the US, while markets are still pricing in a quarter-point rate cut at the Fed's upcoming December 18 meeting, expectations for additional cuts in 2025 have diminished. This adjustment follows stronger-than-expected inflation data, with consumer prices rising more quickly in November and producer prices exceeding forecasts. As a result, the outlook for future rate cuts has softened, further supporting the dollar's dominance in the global market.
- In the foreign exchange market, trading flows were substantial and somewhat mixed, but generally skewed towards dollar buying. Speculative traders sold 18.1k euros, pushing their short position in the currency to its largest since March 2020. Despite these mixed moves, the overall dollar-long position rose by approximately \$1.4 billion over the week, reaching \$24.2 billion, signalling continued strength in the US dollar amidst the broader market activity.
- Looking ahead to the coming week, we anticipate the Federal Reserve will implement a quarter-point rate cut, though the decision is expected to be a close call. Key US data releases include the PCE inflation report and retail sales figures. In Europe, we'll be watching rate decisions from the Bank of England and the Bank of Russia. Central bank activity will continue in Asia as well, with key decisions expected from Japan, Indonesia, and other countries in the region.

Currency Performance			
Currency	13-Dec-24	06-Dec-24	% Change
Dollar Index Spot	106.99	106.06	0.88%
Euro Spot	1.0497	1.0568	-0.67%
British Pound Spot	1.2618	1.2744	-0.99%
Japanese Yen Spot	153.66	150.00	2.44%
Chinese Yuan Spot	7.281	7.284	-0.05%
USDINR	84.80	84.70	0.12%
EURINR	88.93	89.59	-0.73%
GBPINR	107.18	108.07	-0.82%

## 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	107.19	105.8	106.99	0.88%	1.18%	6.16%	5.66%
EURUSD Spot	1.0594	1.0453	1.0497	-0.67%	-0.76%	-5.73%	-0.05%
EURINR Spot	89.69	88.68	88.93	0.15%	0.32%	5.44%	-3.01%

Currency	Pivot	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3
Dollar Index	106.66	103.88	105.27	106.13	107.52	108.05	109.43
EURUSD	1.0515	1.0233	1.0374	1.0435	1.0576	1.0656	1.0797
EURINR	89.10	87.08	88.09	88.51	89.52	90.11	91.12

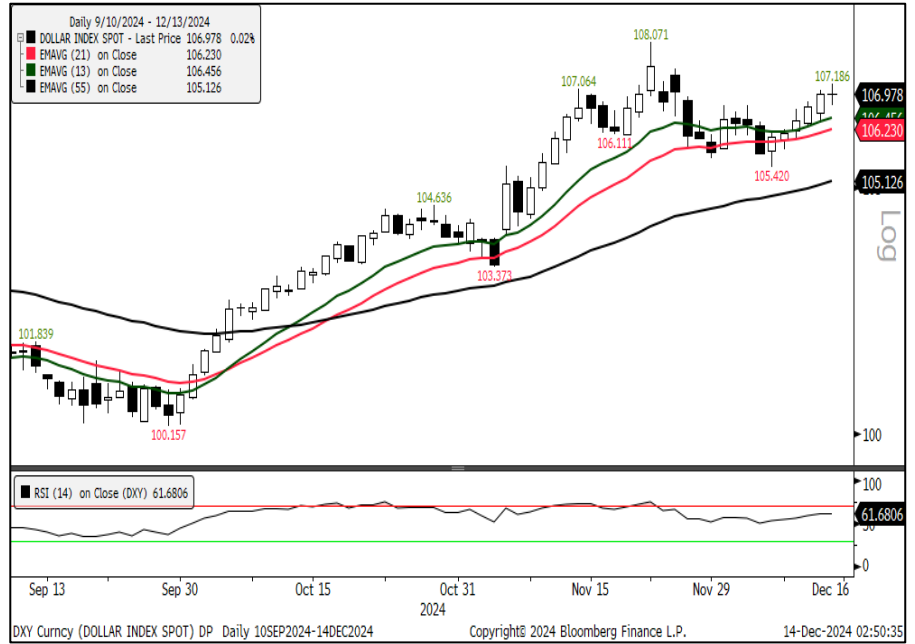
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## Technical Outlooks:

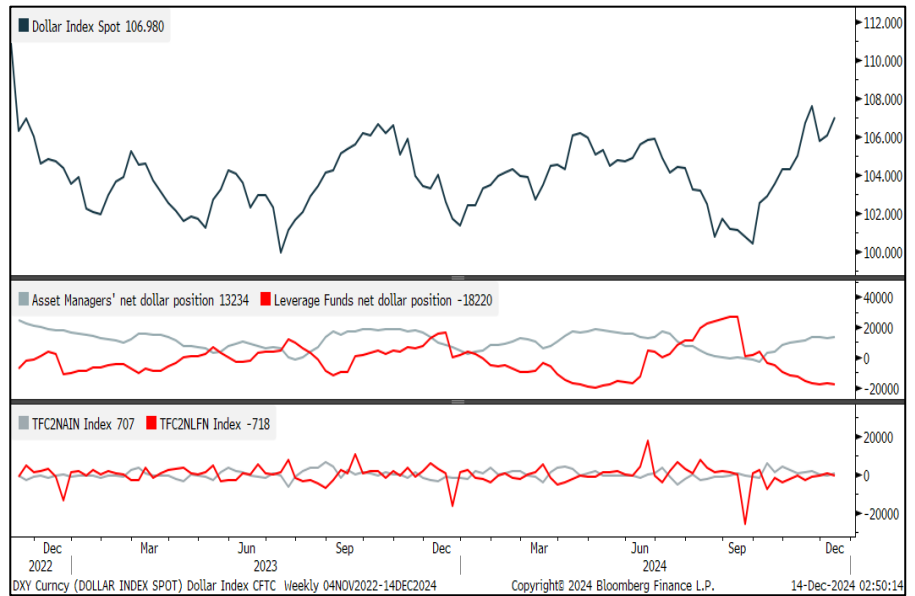
### Dollar Index View:

- The dollar formed a Doji Candlestick pattern on Friday indicating indecisiveness.
- It has been placed well above short-term moving averages.
- On the daily chart, the relative strength index (RSI) is placed above 50, inching towards the overbought zone.
- The index has support at 105.10 and resistance at 108.10

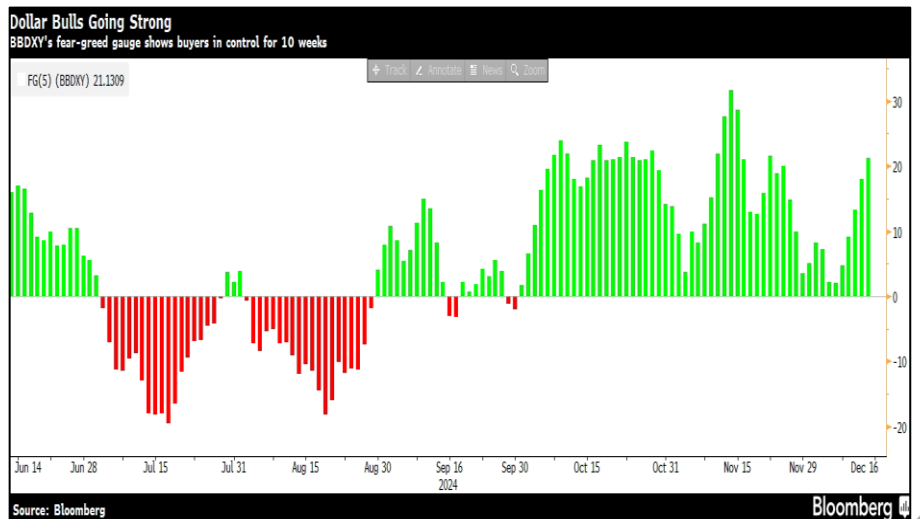
**Spot EURINR: Volatile within the range of 88.50 to 89.70**



## Bullish Dollar bets continue



**Bulls are in Control for 10 Weeks, the longest streak since February 2016**



# Equity Weekly Research Report

Economic Calendar					
Date	Country	Event	Period	Survey	Prior
16-Dec	Japan	Jibun Bank Japan PMI Mfg	Dec P	--	49
	Japan	Jibun Bank Japan PMI Services	Dec P	--	50.5
	China	Industrial Production YoY	Nov	5.40%	5.30%
	China	Retail Sales YoY	Nov	5.00%	4.80%
	India	HSBC India PMI Mfg	Dec P	--	56.5
	India	HSBC India PMI Services	Dec P	--	58.4
	India	Wholesale Prices YoY	Nov	2.10%	2.36%
	EC	HCOB Eurozone Manufacturing PMI	Dec P	45.3	45.2
	EC	HCOB Eurozone Services PMI	Dec P	49.5	49.5
	UK	S&P Global UK Manufacturing PMI	Dec P	48.5	48
	UK	S&P Global UK Services PMI	Dec P	51	50.8
	US	Empire Manufacturing	Dec	6.6	31.2
	US	S&P Global US Manufacturing PMI	Dec P	--	49.7
	US	S&P Global US Services PMI	Dec P	--	56.1
India	Trade Balance	Nov	-\$23000m	-\$27142m	
17-Dec	UK	Claimant Count Rate	Nov	--	4.70%
	UK	Jobless Claims Change	Nov	--	26.7k
	EC	Trade Balance SA	Oct	12.0b	13.6b
	US	Industrial Production MoM	Nov	0.20%	-0.30%
	US	Capacity Utilization	Nov	77.30%	77.10%
	US	Manufacturing (SIC) Production	Nov	0.40%	-0.50%
	US	Business Inventories	Oct	0.20%	0.10%
	US	NAHB Housing Market Index	Dec	47	46
18-Dec	Japan	Trade Balance	Nov	-¥688.8b	-¥462.1b
	UK	CPI YoY	Nov	2.60%	2.30%
	UK	CPI Core YoY	Nov	3.60%	3.30%
	UK	House Price Index YoY	Oct	--	2.90%
	EC	CPI YoY	Nov F	2.30%	2.30%
	EC	CPI Core YoY	Nov F	2.70%	2.70%
	EC	Construction Output YoY	Oct	--	-1.60%
	US	MBA Mortgage Applications	13-Dec	--	5.40%
	US	Building Permits	Nov P	1430k	1416k
	US	Housing Starts	Nov	1345k	1311k
US	Current Account Balance	3Q	-\$287.1b	-\$266.8b	
19-Dec	US	FOMC Rate Decision (Upper Bound)	18-Dec	4.50%	4.75%
	US	FOMC Rate Decision (Lower Bound)	18-Dec	4.25%	4.50%
	US	Fed Interest on Reserve Balances Rate	19-Dec	4.40%	4.65%
	EC	ECB Current Account SA	Oct	--	37.0b
	UK	Bank of England Bank Rate	19-Dec	4.75%	4.75%
	US	GDP Annualized QoQ	3Q T	2.80%	2.80%
	US	Initial Jobless Claims	14-Dec	--	242k
	US	Continuing Claims	07-Dec	--	1886k
	US	Existing Home Sales	Nov	4.10m	3.96m
Japan	BOJ Target Rate	19-Dec	0.25%	0.25%	
20-Dec	Japan	Natl CPI YoY	Nov	2.90%	2.30%
	China	5-Year Loan Prime Rate	20-Dec	3.60%	3.60%
	China	1-Year Loan Prime Rate	20-Dec	3.10%	3.10%
	India	Foreign Exchange Reserves	13-Dec	--	\$654.9b
	US	Personal Income	Nov	0.40%	0.60%
	US	Personal Spending	Nov	0.50%	0.40%
	US	PCE Price Index YoY	Nov	2.50%	2.30%
	US	Core PCE Price Index YoY	Nov	2.90%	2.80%
US	U. of Mich. Sentiment	Dec F	74	74	

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