



STAT EDGE

Forex Weekly Research Report

14 September 2024

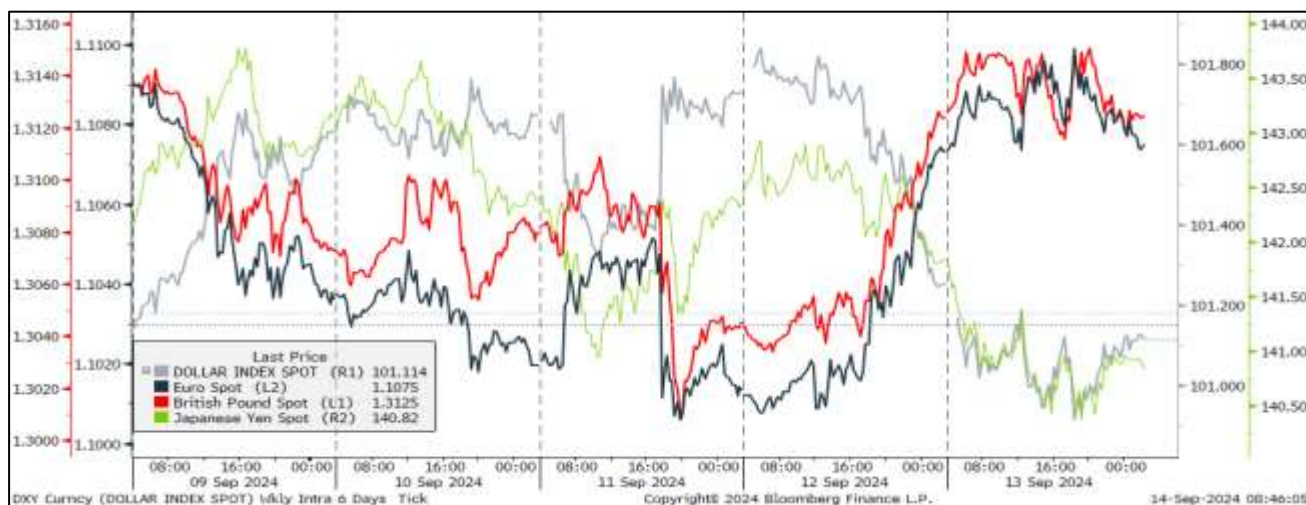
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Market Summary & Outlook:

- The US yield curve has steepened and the dollar slumped as the outlook for rate cuts shifted. US Treasury two-year yields dropped to 3.58%. The yen is now in demand and at the strongest level of a year.
- In the week gone, the European Central Bank reduced interest rates for a second time this year, bringing the deposit rate to 3.5% from 3.75% but ECB President Lagarde dampened expectations for another cut next month. The dovish bet from the Fed and not-so-dovish from the ECB led to the unwinding in the long euro position from the speculators.
- Non-commercial investors pared dollar shorts to some \$14.8 billion in the week, compared to around \$18 billion the prior week before the ECB meeting as European traders covered their long euro bet. Leveraged funds flipped to bets against the euro the week ending Sept. 10 after having a positive outlook on the currency for two weeks, according to the latest CFTC data.
- In the week ahead:** *In the US, the size of the Fed's first cut still hangs in the balance with the latest inflation readings holding both the 25 basis points and 50 bps on the table. Investors were also looking to the BoJ's interest rate decision next Friday, it's expected to keep the rate steady at 0.25%. The BoE is expected to stay put and hold the rate unchanged at 5% on Thursday.*
- The trend of the ICE dollar index, the basket of six currencies, remains bearish as long as it trades above 103.50 while the downside level of 100 will act as bargain buying.

Currency Performance			
Currency	13-Sep-24	06-Sep-24	% Change
Dollar Index Spot	101.11	101.18	-0.06%
Euro Spot	1.1075	1.1084	-0.08%
British Pound Spot	1.3124	1.3129	-0.04%
Japanese Yen Spot	140.85	142.30	-1.02%
Chinese Yuan Spot	7.100	7.095	0.08%
USDINR	83.90	83.95	-0.06%
EURINR	93.07	93.31	-0.26%
GBPINR	110.21	110.61	-0.36%

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	101.92	100.58	101.11	-0.06%	-0.57%	-4.49%	-0.22%
EURUSD	1.1155	1.1026	1.1075	-0.08%	0.24%	3.38%	0.00%
EURINR	93.35	92.63	93.07	-0.26%	-0.13%	-4.05%	1.12%
Currency	Pivot	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3
Dollar Index	101.2	98.54	99.87	100.49	101.83	102.54	103.87
EURUSD	1.1085	1.0827	1.0956	1.1016	1.1145	1.1214	1.1343
EURINR	93.02	91.58	92.30	92.68	93.40	93.74	94.46

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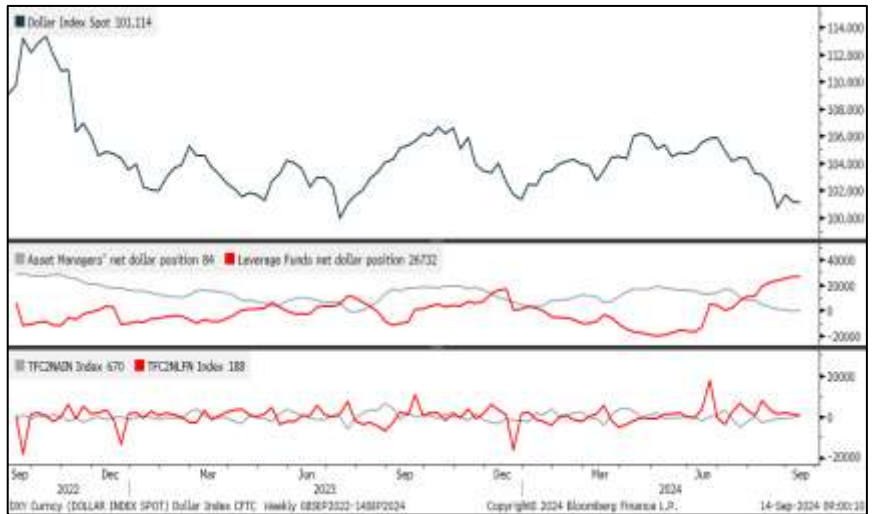
Technical Outlooks:

Dollar Index View:

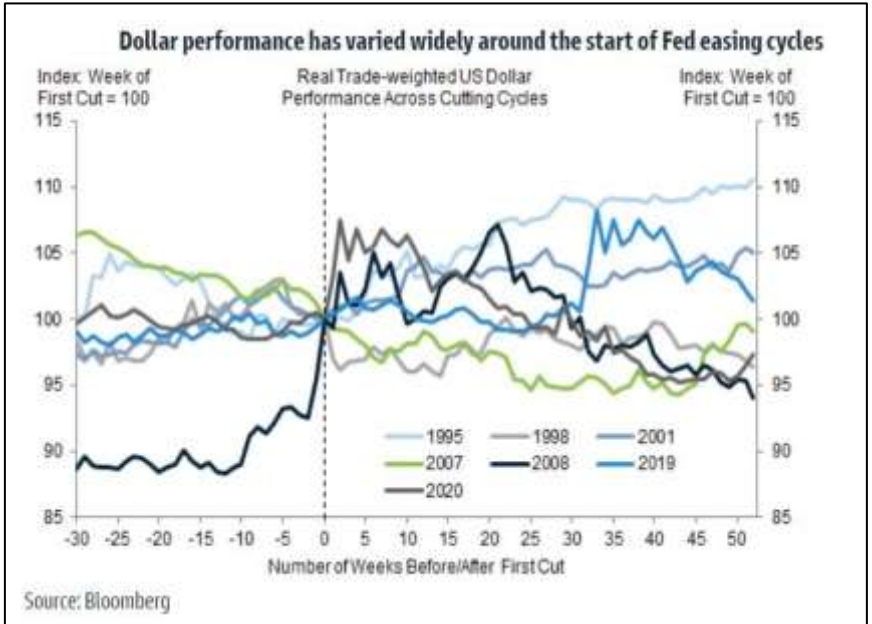
- The dollar index a kind of inverted hammer pattern on the weekly chart indicating continuation of weak trend.
- It has been placed well below short-term and triangle pattern support line.
- Momentum oscillators and indicators are near oversold zone but the price confirmation needed for the reversal.
- The dollar index has support at 99.58, the bottom of 2023, and resistance at 103.50

Spot EURINR: Sideways

Support: 92.70 Resistance: 93.80



CFTC Positions: Dollar short covering before ECB by more than \$3bn to \$14.8bn.



State of Uncertainty Around Fed Easing Cycles

Source: Bloomberg

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Economic Calendar					
Date	Country	Event	Period	Survey	Prior
16-Sep-24	UK	Rightmove House Prices YoY	Sep	--	0.80%
	EC	Trade Balance SA	Jul	15.0b	17.5b
	US	Empire Manufacturing	Sep	-4.3	-4.7
17-Sep-24	India	Wholesale Prices YoY	Aug	1.76%	2.04%
	EC	ZEW Survey Expectations	Sep	--	17.9
	US	Industrial Production MoM	Aug	0.20%	-0.60%
	US	Capacity Utilization	Aug	77.90%	77.80%
	US	Manufacturing (SIC) Production	Aug	0.20%	-0.30%
	India	Trade Balance	Aug	-\$22759m	-\$23497m
18-Sep-24	Japan	Trade Balance	Aug	-¥1456.2b	-¥621.8b
	Japan	Core Machine Orders YoY	Jul	2.50%	-1.70%
	UK	CPI YoY	Aug	2.20%	2.20%
	EC	CPI YoY	Aug F	2.20%	2.20%
	EC	Construction Output YoY	Jul	--	1.00%
	US	MBA Mortgage Applications	13-Sep	--	1.40%
	US	Housing Starts	Aug	1320k	1238k
	US	Building Permits	Aug	1413k	1396k
	US	FOMC Rate Decision (Upper Bound)	18-Sep	5.25%	5.50%
	US	Fed Interest on Reserve Balances Rate	19-Sep	5.15%	5.40%
China	1-Yr Medium-Term Lending Facility Rate	18-Sep	2.30%	2.30%	
19-Sep-24	EC	ECB Current Account SA	Jul	--	50.5b
	UK	Bank of England Bank Rate	19-Sep	5.00%	5.00%
	US	Current Account Balance	2Q	-\$260.0b	-\$237.6b
	US	Philadelphia Fed Business Outlook	Sep	-1	-7
	US	Initial Jobless Claims	14-Sep	230k	230k
	US	Continuing Claims	07-Sep	1855k	1850k
	US	Leading Index	Aug	-0.30%	-0.60%
	US	Existing Home Sales	Aug	3.90m	3.95m
20-Sep-24	Japan	Natl CPI YoY	Aug	3.00%	2.80%
	China	5-Year Loan Prime Rate	20-Sep	3.85%	3.85%
	China	1-Year Loan Prime Rate	20-Sep	3.35%	3.35%
	UK	Public Sector Net Borrowing	Aug	12.2b	2.2b
	India	Foreign Exchange Reserves	13-Sep	--	\$689.2b
	EC	Consumer Confidence	Sep P	-13.2	-13.5
	Japan	BOJ Target Rate	20-Sep	0.25%	0.25%

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