



STAT EDGE

Forex Weekly Research Report

18 January 2025

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Market Summary & Outlook:

- In the past week, the foreign exchange market witnessed notable fluctuations across various currencies. The recent surge in the US Dollar, or the "greenback," can indeed be attributed to the strength of the US economy, rather than any immediate market anticipation of tariff announcements. This suggests that the US economy remains resilient, with key indicators—such as robust GDP growth, strong labour market data, and expectations for continued consumer spending—helping to support the Dollar's bullish run. While the market is not currently pricing in major tariffs, there is potential for the Dollar to appreciate even further if any strong tariff announcements are made. The global uncertainty and economic struggles in other regions, such as Europe and China, also play a role in strengthening the Dollar.
- In the past week, the ICE U.S. Dollar Index experienced a pullback after a rebound in risk assets. The index declined 0.28% to 109.35. The decline was influenced by the strengthening of the Japanese Yen in anticipation of the Bank of Japan's policy meeting. In the week gone, the One-week implied volatility in the gauge rose to the highest since the US election on Nov. 5 and traded at 10.8 vol.
- The Euro fluctuated within a narrow range last week but ultimately closed with slight gains due to expectations of interest rate cuts. Market participants are pricing in a 25bps rate cut by the European Central Bank (ECB) in each of the next four policy meetings, driven by increasing concerns about the Eurozone's economic outlook and the management of price pressures.
- Next Week:** The **inauguration of Donald Trump** for a second will be watched closely, as it could have substantial implications for US economic policy, trade relations, and the overall market sentiment. The **BoJ's monetary policy** decision is another highly anticipated event. The central bank has been maintaining ultra-loose monetary policies, including negative interest rates and large-scale asset purchases, in an attempt to combat deflation and stimulate growth in Japan.

Currency Performance			
Currency	17-Jan-25	10-Jan-25	% Change
Dollar Index Spot	109.35	109.65	-0.28%
Euro Spot	1.0273	1.0244	0.28%
British Pound Spot	1.2169	1.2207	-0.31%
Japanese Yen Spot	156.30	157.73	-0.91%
Chinese Yuan Spot	7.342	7.363	-0.30%
USDINR	86.61	85.97	0.74%
EURINR	89.18	88.56	0.70%
GBPINR	105.64	105.77	-0.12%

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	110.18	108.60	109.35	-0.28%	0.79%	0.79%	0.86%
EURUSD Spot	1.0354	1.0178	1.0273	0.28%	-0.78%	-0.78%	-0.01%
EURINR Spot	89.26	88.11	89.18	0.42%	0.02%	0.02%	-0.02%

Currency	Pivot	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3
Dollar Index	109.38	106.23	107.8	108.57	110.15	110.95	112.52
EURUSD	1.0268	0.9916	1.0092	1.0183	1.0359	1.0444	1.062
EURINR	88.85	86.54	87.69	88.44	89.59	90.00	91.16

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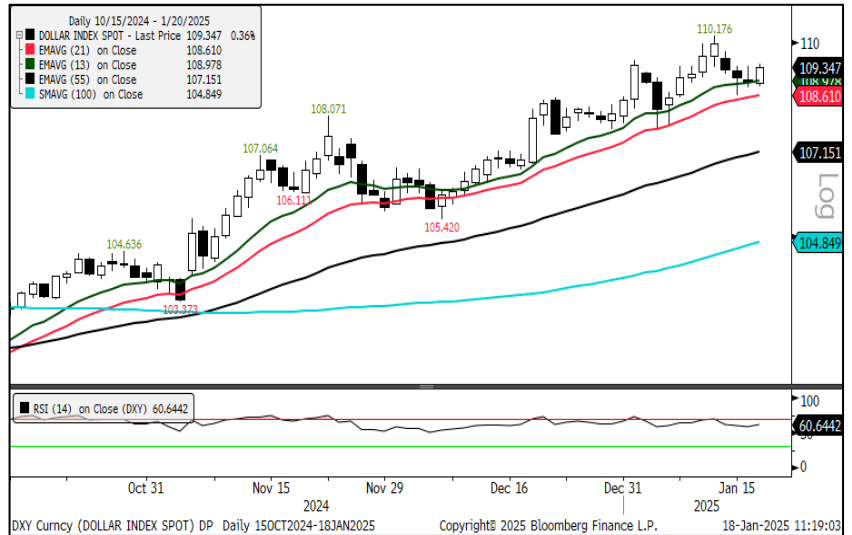
Technical Outlooks:

Dollar Index View:

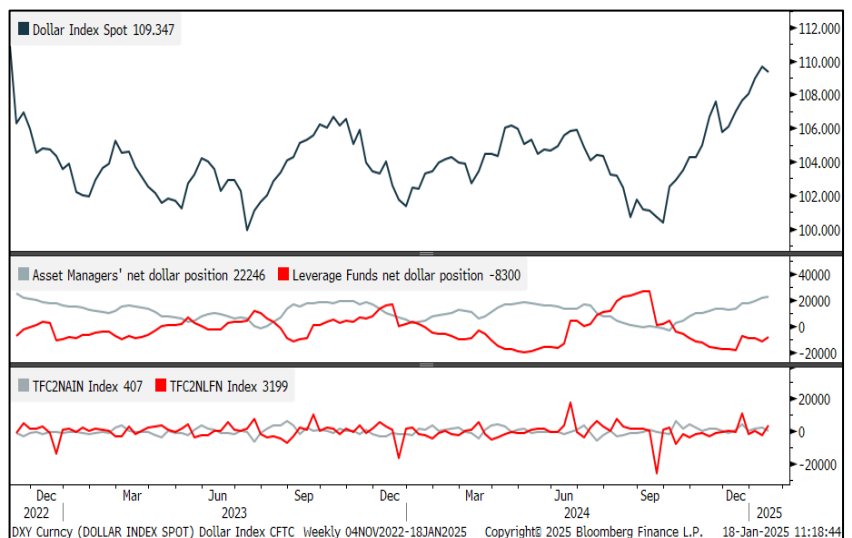
- The dollar index took support around 13 DEMA and recovered on Friday.
- On the daily chart, the relative strength index (RSI) is placed near an oversold zone.
- It has been trading well above the major moving averages on all time frames.
- The index has support at 107.30 and resistance at 110.70

Spot EURINR: Short Covering

Buy above 89.40 SL 88.60 Target 90.40



Aggregate Dollar Long at \$34.5bn, largest since 2019



Equity Weekly Research Report

Economic Calendar					
Date	Country	Event	Period	Survey	Prior
20-Jan	Japan	Core Machine Orders YoY	Nov	4.20%	5.60%
	China	1-Year Loan Prime Rate	20-Jan	3.10%	3.10%
	China	5-Year Loan Prime Rate	20-Jan	3.60%	3.60%
	Japan	Industrial Production YoY	Nov F	--	-2.80%
	Japan	Capacity Utilization MoM	Nov	--	2.60%
	EC	Construction Output YoY	Nov	--	0.20%
21-Jan	UK	Claimant Count Rate	Dec	--	4.60%
	UK	Jobless Claims Change	Dec	--	0.3k
	EC	ZEW Survey Expectations	Jan	--	17
	US	Philadelphia Fed Non-Manufacturing Activity	Jan	--	-3.4
22-Jan	UK	Public Sector Net Borrowing	Dec	14.1b	11.2b
	US	MBA Mortgage Applications	17-Jan	--	33.30%
	US	Leading Index	Dec	-0.10%	0.30%
23-Jan	Japan	Trade Balance	Dec	-¥68.5b	-¥110.3b
	US	Initial Jobless Claims	18-Jan	220k	217k
	US	Continuing Claims	11-Jan	1868k	1859k
	EC	Consumer Confidence	Jan P	-14	-14.5
	US	Kansas City Fed Manf. Activity	Jan	--	-4
24-Jan	Japan	Natl CPI YoY	Dec	3.40%	2.90%
	UK	GfK Consumer Confidence	Jan	-18	-17
	Japan	Jibun Bank Japan PMI Mfg	Jan P	--	49.6
	Japan	Jibun Bank Japan PMI Services	Jan P	--	50.9
	India	HSBC India PMI Mfg	Jan P	--	56.4
	India	HSBC India PMI Services	Jan P	--	59.3
	EC	HCOB Eurozone Manufacturing PMI	Jan P	45.5	45.1
	EC	HCOB Eurozone Services PMI	Jan P	51.5	51.6
	UK	S&P Global UK Manufacturing PMI	Jan P	47	47
	UK	S&P Global UK Services PMI	Jan P	50.8	51.1
	India	Foreign Exchange Reserves	17-Jan	--	\$625.9b
	US	S&P Global US Manufacturing PMI	Jan P	49.9	49.4
	US	S&P Global US Services PMI	Jan P	56.5	56.8
	US	U. of Mich. Sentiment	Jan F	73.2	73.2
	US	Existing Home Sales	Dec	4.20m	4.15m
	US	Kansas City Fed Services Activity	Jan	--	2
	Japan	BOJ Target Rate	24-Jan	0.50%	0.25%

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