



STAT EDGE

Forex Weekly Research Report

21 September 2024

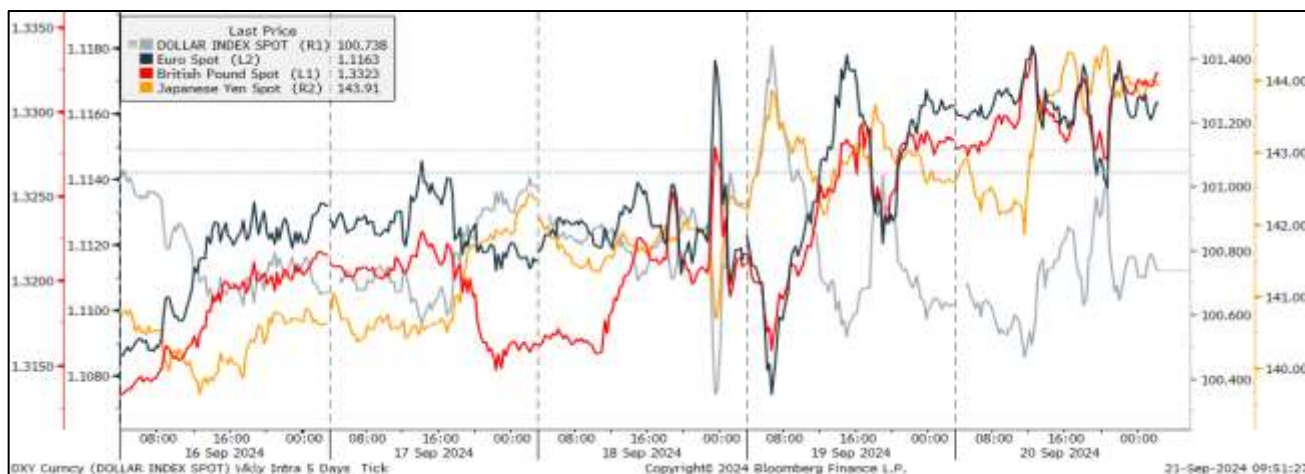
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Market Summary & Outlook:

- The dollar index settled the week with loss marking the third consecutive weekly decline after Fed's 50bp rate cut Wednesday.
- The Japanese yen weaken after the BOJ announced it kept interest rates unchanged and in anticipation of Governor Kazuo Ueda's press conference. Market was positioned for a hawkish hold. Ueda said the central bank would continue to raise its benchmark interest rate if economic and inflation trends move in line with its outlook, but also said that upside risks to inflation were easing and that gives room to mull policy.
- The British Pound gained 1.50% to 1.3321 a dollar as Bank of England policymaker Catherine Mann said she would prefer to keep rates higher for longer and then cut more aggressively when it is clear inflation risks are receding.
- The bearish case for the dollar, driven by the Federal Reserve's lower yield trajectory, remains intact and was reinforced by the recent 50-basis-point rate cut. However, much of this narrative now appears to be fully priced into the market. As a result, dollar bears may find it increasingly challenging to push the currency lower without additional catalysts. The upcoming US inflation and employment reports could provide the next major test for dollar bears, as the market looks for signals that justify a continued dovish path by the Fed.
- **The week ahead:** *From the bunch of economic data, the Fed's favourite inflation data will be on the watch. CPI and PPI data for August suggest the core PCE deflator will increase by 0.15%, consistent with the Fed's 2% target. However, unfavourable base effects will likely boost YoY core inflation to 2.7% from 2.6% in July. The headline PCE price index likely rose 0.1 (vs. July's 0.2%), with annual PCE inflation slowing to 2.2% from 2.5%.*

Currency Performance			
Currency	20-Sep-24	13-Sep-24	% Change
Dollar Index Spot	100.72	101.11	-0.39%
Euro Spot	1.1162	1.1075	0.79%
British Pound Spot	1.3321	1.3124	1.50%
Japanese Yen Spot	143.85	140.85	2.13%
Chinese Yuan Spot	7.042	7.100	-0.82%
USDINR	83.57	83.90	-0.39%
EURINR	93.28	93.07	0.23%
GBPINR	111.10	110.21	0.81%

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	101.47	100.22	100.72	-0.04%	-0.96%	-4.86%	-0.61%
EURUSD	1.1189	1.1069	1.1162	0.26%	1.03%	4.19%	0.01%
EURINR	93.57	92.98	93.28	-0.05%	-0.36%	-4.27%	1.34%
Currency	Pivot	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3
Dollar Index	100.8	98.29	99.55	100.13	101.39	102.06	103.32
EURUSD	1.114	1.09	1.102	1.1091	1.1211	1.126	1.138
EURINR	93.28	92.1	92.69	92.99	93.57	93.86	94.45

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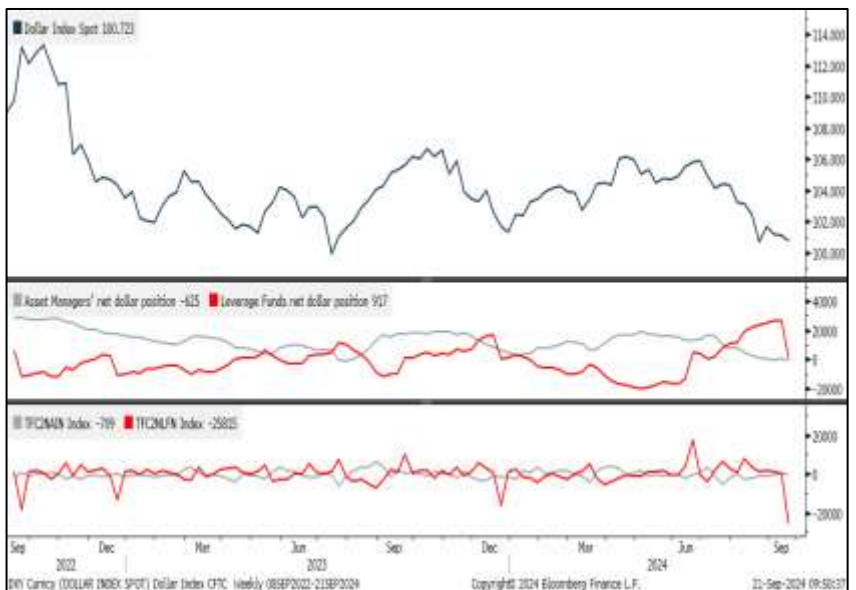
Technical Outlooks:

Dollar Index View:

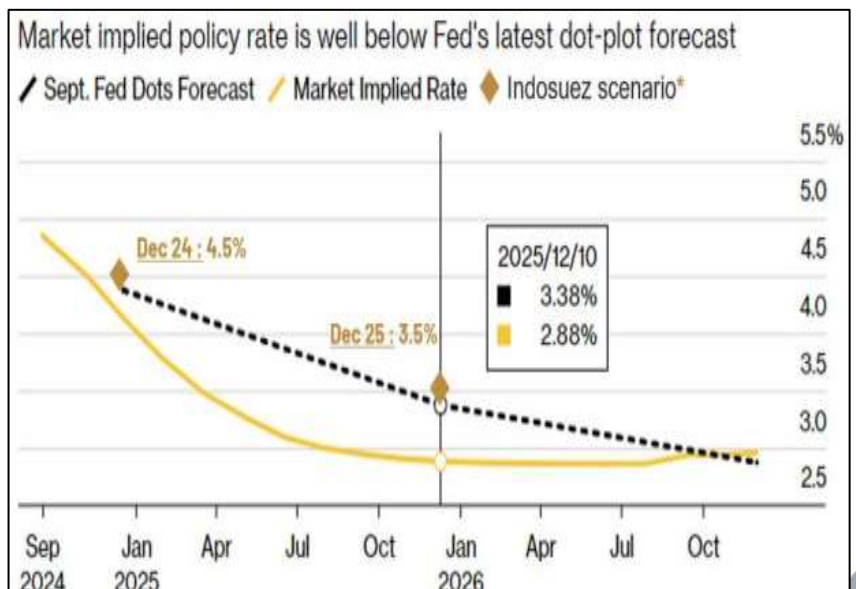
- The dollar index's southward journey continued as it broke the recent swing low.
- It has been placed well below the short-term and triangle pattern support line. The conservative target of a triangle pattern comes around 97.
- Momentum oscillators and indicators are near the oversold zone exhibiting weak momentum.
- The dollar index has support at 99.58, the bottom of 2023, and resistance at 103.50

Spot EURINR: "Buy the Dip"

Support: 92.40 Resistance: 94.70



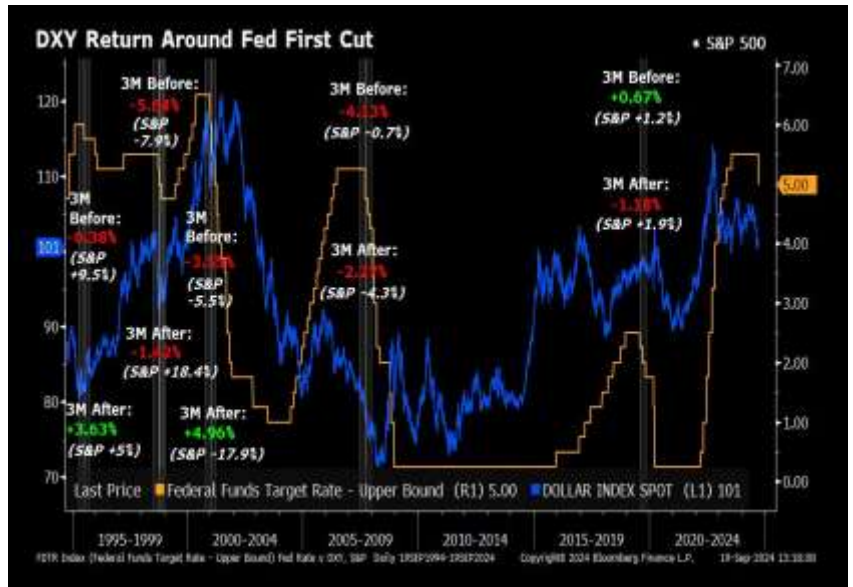
CFTC Positions: The aggregate dollar short fell by more than \$5.5 billion to \$9.3bn.



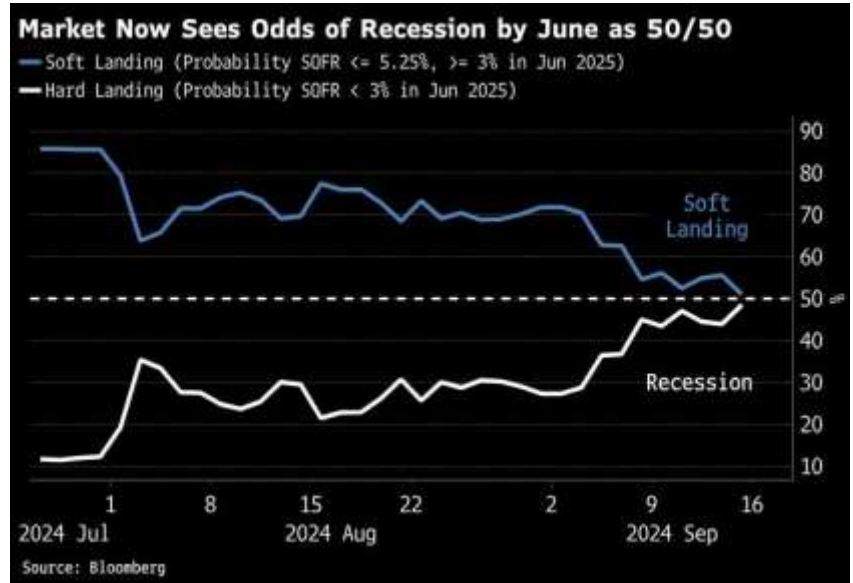
One More 50bps is coming before Year-end?

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Monetary Policy Driven Dollar Bearish View Ticked



50-50 Chance of Recession by June



Crocodile Jaw: DXY vs Gold



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Economic Calendar					
Date	Country	Event	Period	Survey	Prior
23-Sep-24	India	HSBC India PMI Mfg	Sep P	--	57.5
	India	HSBC India PMI Composite	Sep P	--	60.7
	India	HSBC India PMI Services	Sep P	--	60.9
	EC	HCOB Eurozone Manufacturing PMI	Sep P	45.7	45.8
	EC	HCOB Eurozone Services PMI	Sep P	52.3	52.9
	EC	HCOB Eurozone Composite PMI	Sep P	50.5	51
	UK	S&P Global UK Manufacturing PMI	Sep P	52.2	52.5
	UK	S&P Global UK Services PMI	Sep P	53.5	53.7
	UK	S&P Global UK Composite PMI	Sep P	53.5	53.8
	US	S&P Global US Manufacturing PMI	Sep P	48.6	47.9
	US	S&P Global US Services PMI	Sep P	55.3	55.7
	US	S&P Global US Composite PMI	Sep P	54.7	54.6
	India	BoP Current Account Balance	2Q	-\$9.40b	\$5.70b
24-Sep-24	Japan	Jibun Bank Japan PMI Composite	Sep P	--	52.9
	Japan	Jibun Bank Japan PMI Mfg	Sep P	--	49.8
	Japan	Jibun Bank Japan PMI Services	Sep P	--	53.7
	US	Richmond Fed Manufact. Index	Sep	-12	-19
25-Sep-24	US	MBA Mortgage Applications	20-Sep	--	14.20%
	US	New Home Sales	Aug	695k	739k
26-Sep-24	US	GDP Annualized QoQ	2Q T	2.90%	3.00%
	US	Personal Consumption	2Q T	2.90%	2.90%
	US	Core PCE Price Index QoQ	2Q T	2.80%	2.80%
	US	Durable Goods Orders	Aug P	-2.70%	9.80%
	US	Initial Jobless Claims	21-Sep	225k	219k
	US	Continuing Claims	14-Sep	--	1829k
	US	Pending Home Sales NSA YoY	Aug	--	-4.60%
27-Sep-24	Japan	Tokyo CPI YoY	Sep	2.20%	2.60%
	China	Industrial Profits YTD YoY	Aug	--	3.60%
	EC	Consumer Confidence	Sep F	--	-12.9
	India	Foreign Exchange Reserves	20-Sep	--	\$689.5b
	US	Personal Income	Aug	0.40%	0.30%
	US	Wholesale Inventories MoM	Aug P	0.20%	0.20%
	US	Personal Spending	Aug	0.30%	0.50%
	US	Advance Goods Trade Balance	Aug	-\$99.7b	-\$102.7b
	US	Core PCE Price Index YoY	Aug	2.70%	2.60%
	US	U. of Mich. Sentiment	Sep F	69.3	69

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