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FOREX Newsletter

October 11, 2021

Pulse of the Market

- DXY extends Friday's bearish move, refreshes intraday low of late.
- US Dollar Index (DXY) drops towards 94.00, down 0.04% intraday around 94.06 by the press time of early Monday.
- The dollar's index stood at 94.09, not far from its one-year high of 94.504 touched earlier this month.

Recent Interest Rates & US Treasury Yields

USD		0.25%
EUR		0.00%
GBP		0.25%
JPY		-0.10%
CAD		0.75%
AUD		0.10%
NZD		0.25%
	Change	Yield
2-yr Yield	+0.01	0.22%
5-yr Yield	+0.01	0.84%
10-yr Yield	+0.02	1.33%

US Dollar Index (DXY) drops towards 94.00, down 0.04% intraday around 94.06 by the press time of early Monday. The greenback gauge was weighed down by the US jobs report for September the previous day. Also challenging the quote could be the latest fears for the US economic growth. However, the Fed's optimism joins the geopolitical fears to keep the buyers hopeful. US Dollar Index consolidates recent gains between August highs and November 2020 tops, respectively around 93.70 and 94.30. The two main challenges to growth in the medium-term were a slowing of fiscal support and the need for spending on services to bounce quickly enough to offset a decline in the purchases of goods. This challenges the Fed's tapering path and boosts hopes for the US stimulus, which in turn reduces the US dollar's safe-haven demand. Further, there were financial stains showing through different systemically important areas such as the Chinese real estate market and yet another standoff on the US debt ceiling. The WSJ Dollar Index hit the highest point since September 2020 in recent days. As of Oct. 8, 18 billion-dollar disasters have occurred in the United States in 2021, with the country on pace to surpass 2020, which saw a record high of 22 billion-dollar disasters, according to a new report released Friday by the National Oceanic and Atmospheric Administration (NOAA). Monday is likely to be a dull day for the greenback watchers but the Federal Open Market Committee (FOMC) Minutes for the latest monetary policy meeting will be the key as the meeting hinted at November tapering. The bulls will be watching for the Fed hawks' excuses to defend the tapering while the bears may cite fears to consolidate the recent gains. Many global commodities such as oil and copper are priced in dollars, so a stronger greenback makes them more expensive and weighs on demand. Lower demand may lead to a slide in prices, letting some air out of inflationary pressures. On the contrary, the reflation risk joins the US-China tussles, recently over the phase one deal and Taiwan, to keep the DXY bulls hopeful. Amid these plays, S&P 500 Futures track Wall Street's losses to drop 0.50% at the latest. US Treasury yields remain inactive amid a partial trading holiday in the US.

Time(GMT)		Economic Release	IMP	Actual	Forecast	Prior
01:30		GfK Consumer Confidence	High		-1.6	-1.2
06:00		Balance of Trade (AUG)	Medium		\$-70.5B	\$-70B
10:00		ISM Non-Manufacturing PMI (SEP)	Medium			
12:30		Balance of Trade (AUG)	High		C\$0.43B	C\$0.78B
19:00		Factory Orders MoM (AUG)	Medium		1%	0.4%
12:30		Market/CIPS Composite PMI Final (SEP)	Medium		54.1	54.8

Euro

The Euro rallied a bit during the course of the trading session on Friday, as the jobs report in the United States was very dismal. They said: We are still relatively low, and the 1.16 level will still offer a certain amount of resistance. Because of this I believe that the market will continue to be a “fade the rallies” type of situation. The reality is that the balance sheet in the European Union continues to outpace the balance sheet at the Federal Reserve.



Yen

The Dollar/Yen is edging higher on Friday as 10-year U.S. Treasury yields pushed above the 1.57% mark, headed toward their highest level since September 28. Rising yields are widening the spread between U.S. Government bond yields and Japanese Government bond yields. The direction of the USD/JPY on Friday will be determined by trader reaction to the pivot at 111.452. Taking out 110.826 will change the main trend to down with 110.596 to 110.246 the next target area.



British Pound

The British pound has rallied during the course of the week to reach towards the 50 week EMA, where we are currently hanging about. The market looks very likely to see a bit of resistance above .If we break above the 1.39 level, then I think the market is likely to go looking towards the 1.42 handle. On the other hand, if we were to turn around a break down below the 1.35 level again, that more than likely opens up quite a bit of selling pressure to the downside.



Canadian Dollar

The Canadian Dollar got off to a positive start against the US Dollar since October began, with USD/CAD down nearly a full percentage point. The Loonie's strength comes after five months of losses versus the Greenback. The Canadian Dollar has made more progress versus the Euro, with EUR/CAD's current monthly loss approaching 1.25% on Friday. That would add to CAD's prior month gains versus the Euro .It's fair to assume that the Canadian Dollar will continue its current course against the Euro.



Appendix

FOREX Closing Prices for October 8, 2021					
Currency	Open	High	Low	Close	Net Chg
EUR/USD	1.5706	1.157	1.1559	1.1562	0.0004
USD/JPY	111.448	112.195	112.115	112.179	0.575
GBP/USD	1.3638	1.3646	1.361	1.3625	0.0005
USD/CHF	0.9265	0.9276	0.9262	0.9269	-0.0011
USD/CAD	1.2543	1.2552	1.2539	1.2542	-0.0038
EUR/JPY	129.15	129.225	129.147	129.175	-0.076
GBP/JPY	152.144	152.308	152.116	152.233	0.353
CHF/JPY	120.375	120.398	120.276	120.322	0.254
AUD/JPY	81.664	81.752	81.585	81.749	0.503
EUR/GBP	0.8493	0.8495	0.8488	0.8488	-0.0019
EUR/CHF	1.0727	1.0728	1.0719	1.0724	-0.0035
GBP/CHF	1.2643	1.2651	1.264	1.2646	0.0002

Daily Pivot Points							
Trading Range							
Contract	S3	S2	S1	Pivot	R1	R2	R3
EURUSD	1.15	1.1553	1.1557	1.1564	1.1568	1.1575	1.1579
USDJPY	112.05	112.08	112.13	112.16	112.21	112.24	112.29
GBPUSD	1.3572	1.3591	1.3608	1.3627	1.3644	1.3663	1.3680
USDCHF	0.9248	0.9255	0.9262	0.9269	0.9276	0.9283	0.9290
USDCAD	1.2524	1.2531	1.2537	1.2544	1.2550	1.2557	1.2563
EURJPY	129.06	129.10	129.14	129.18	129.22	129.26	129.30
GBPJPY	151.94	152.03	152.13	152.22	152.32	152.41	152.51
CHFJPY	120.14	120.21	120.27	120.33	120.39	120.45	120.51
AUDJPY	81.47	81.53	81.64	81.70	81.81	81.86	81.97
EURGBP	0.8479	0.8483	0.8486	0.8490	0.8493	0.8497	0.8500
EURCHF	1.0710	1.0715	1.0719	1.0724	1.0728	1.0733	1.0737
GBPCHE	1.2629	1.2635	1.2640	1.2646	1.2651	1.2657	1.2662

Sources: News, Charts & Quotes (Courtesy: Reuters, US Department Of Treasury)

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