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# FOREX Newsletter

September 27, 2021

## Pulse of the Market

- EUR/USD prints minute gains on Monday in the Asian session.
- The US Dollar Index turns slightly negative but still remains above 92.70.
- Low volatility brings lack of conviction in moves both higher and lower.

### 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%
	<b>Change</b>	<b>Yield</b>
2-yr Yield	+0.01	0.22%
5-yr Yield	+0.01	0.84%
10-yr Yield	+0.02	1.33%

The US Dollar as per the DXY has been somewhat strong of late and continues to look poised for higher levels in the short-run. However, given the generally low volatility and propensity for momentum to stall after short periods of trending, resistance ahead may prove too much to hurdle. Investors digested the latest Fed's monetary policy update. The central bank hinted stimulus could start being reduced in November and interest rates could rise as soon as next year, while trimming growth forecasts and hiking inflation projections for this year. The performance of the greenback against the six majors, pares some of its initial gains, Nevertheless still looks strong above 92.20, which keeps EUR/USD gains limited. The US House Speaker Nancy Pelosi announced that a vote on the infrastructure bill would be cast on Thursday, as earlier she warned not to expect a Monday vote despite her confidence about the passage of the \$1 trillion infrastructure stimulus package. The fear is that without a bailout, a messy collapse or liquidation ripples through China's property sector at a time when growth is already looking fragile. Ahead this week, no fewer than a dozen central banks hold meetings, but traders' top focus is on the Fed where expectations for a tapering signal are keeping the dollar bid. Euro/dollar is trading above 1.17 and benefiting from upside momentum on the four-hour chart, a positive development. On the other hand, the currency pair still trades below the 50, 100 and 200 Simple Moving Averages. Some resistance awaits at 1.1725, the daily high. It is followed by 1.1745, a line that separated ranges. Further above, 1.1790 and 1.1830 are eyed. Support awaits at 1.17, a swing low from Friday. It is followed by 1.1680, the September low, and 1.1660. Among the other major central banks, the Bank of England is expected to leave policy settings unchanged, but traders see potential for gains in the pound if the bank adopts a hawkish tone or more members call for asset purchase tapering. There is no expectation of policy shifts at the resolutely dovish Bank of Japan on Wednesday. US Dollar Index (DXY) retreats towards 93.00, drops to 93.26 during Monday's Asian session. The greenback gauge portrays a struggle to extend the previous three-week uptrend while extending late Friday's pullback moves. Bulls need to cross weekly horizontal resistance for fresh entry.

Time(GMT)		Economic Release	IMP	Actual	Forecast	Prior
01:30		RBA Meeting Minutes	Medium			
06:00		U.K Public Sector Net Borrowing (AUG)	Medium		£-15.6B	£-10.4B
10:00		U.K CBI Industrial Trends Orders (SEP)	Medium		15	18
12:30		Canada New Housing Price Index YoY (AUG)	Medium			11.9%
12:30		U.S Building Permits MoM (AUG)	Medium			2.3%
12:30		U.S Housing Starts MoM (AUG)	Medium			

## Euro

Government borrowing costs across the euro area rose on Thursday, after the Federal Reserve said it will likely begin reducing its monthly bond buying as soon as November and signaled interest rate rises could follow more quickly than expected. Investors had been expecting the Fed to start tapering its \$120 billion-a-month asset purchase program soon. Overall, the EUR/USD traded with a low of 1.2171 and a high of 1.2228 before closing the day around 1.2214 in the New York session.



## Yen

Yen closed nearly 1% higher last week as U.S. Treasury yields firmed after the Federal Reserve reiterated its stance on tapering before the end of the year while suggesting a sooner-than-anticipated rate hike. Interest rate at historically low levels while painting a bleak picture of the economy. Overall, the USD/JPY traded with a low of 108.67 and a high of 108.97 before closing the day around 108.73 in the U.S session. USD/JPY to continue to rise as long as the spread between U.S. Government bonds and Japanese Government bonds continues to widen.



## British Pound

The British pound has fallen significantly during the course of the week, only to turn around and show signs of life again. If we were to break down below the 1.36 handle, then the market could fall quite drastically. Investors turned to the safe haven of the greenback which firmed to a four-week high, with the dollar index reaching 93.4. Overall, the GBP/USD traded with a low of 1.4109 and a high of 1.4170 before closing the day at 1.4154 in the New York session.



## Canadian Dollar

Canadian dollar was under pressure as WTI oil made an attempt to settle below the psychologically important \$70 level. USD to CAD is currently trying to settle back above 1.2830. In case USD to CAD manages to settle above 1.2830, it will head towards the next resistance level at 1.2850. A move below 1.2830 will push USD to CAD towards the support at 1.2785. In case USD to CAD declines below 1.2785, it will head towards the support at 1.2760. A move below 1.2760 will open the way to the test of the support at 1.2730.



## Appendix

FOREX Closing Prices for September 24, 2021					
Currency	Open	High	Low	Close	Net Chg
EUR/USD	1.1737	1.1746	1.1699	1.172	0.0034
USD/JPY	110.28	110.77	110.23	110.74	0.969
GBP/USD	1.372	1.3734	1.3656	1.3673	0.0053
USD/CHF	0.9241	0.9259	0.922	0.9241	-0.0018
USD/CAD	1.2654	1.2728	1.2637	1.2648	-0.0121
EUR/JPY	129.464	129.826	129.362	129.813	1.496
GBP/JPY	151.347	151.709	150.976	151.451	1.924
CHF/JPY	119.321	119.826	119.215	119.821	1.324
AUD/JPY	80.429	80.736	79.969	80.408	0.949
EUR/GBP	0.8551	0.8575	0.8547	0.8569	-0.0012
EUR/CHF	1.085	1.0862	1.0818	1.083	0.0009
GBP/CHF	1.2679	1.2704	1.2624	1.2636	0.0032

Daily Pivot Points							
Contract	Trading Range						
	S3	S2	S1	Pivot	R1	R2	R3
EURUSD	1.17	1.1675	1.1697	<b>1.1722</b>	1.1744	1.1769	1.1791
USDJPY	109.85	110.04	110.39	<b>110.58</b>	110.93	111.12	111.47
GBPUSD	1.3563	1.3610	1.3641	<b>1.3688</b>	1.3719	1.3766	1.3797
USDCHF	0.9182	0.9201	0.9221	<b>0.9240</b>	0.9260	0.9279	0.9299
USDCAD	1.2523	1.2580	1.2614	<b>1.2671</b>	1.2705	1.2762	1.2796
EURJPY	129.04	129.20	129.51	<b>129.67</b>	129.97	130.13	130.44
GBPJPY	150.32	150.65	151.05	<b>151.38</b>	151.78	152.11	152.51
CHFJPY	118.80	119.01	119.42	<b>119.62</b>	120.03	120.23	120.64
AUDJPY	79.24	79.60	80.01	<b>80.37</b>	80.77	81.14	81.54
EURGBP	0.8524	0.8536	0.8552	<b>0.8564</b>	0.8580	0.8592	0.8608
EURCHF	1.0767	1.0793	1.0811	<b>1.0837</b>	1.0855	1.0881	1.0899
GBPCHF	1.2525	1.2575	1.2605	<b>1.2655</b>	1.2685	1.2735	1.2765

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

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## Contact Details

### IGI Commodity Team

Zaeem Haider Khan	Head of Commodity	Cell: 0321-4772883	Tel: 042-3830559-68	zaeem.haider@igi.com.pk
Ehsan UI Haq	Trader – Lahore	Cell: 0321-4861015	Tel: 042-3830559-68	ehsan.haq@igi.com.pk
Momina Sohail	Trader – Lahore	Cell: 0301-6600005	Tel: 042-3830559-68	momina.sohail@igi.com.pk
Muhammad Naveed	Branch Manager – Islamabad	Cell: 0345-5599900	Tel: 051-2604861-62	muhammad.naveed@igi.com.pk
Shakeel Ahmad	Branch Manager – Faisalabad	Cell: 0300-9652121	Tel: 041-2540843-45	shaeel.ahmad1@igi.com.pk
Asif Saleem	Trader – Rahim Yar Khan	Cell: 0334-7358050	Tel: 068-5871652-6	asif.saleem@igi.com.pk
Mehtab Ali	Trader – Multan	Cell: 0300-6348471	Tel: 061-4512003	mehtab.ali@igi.com.pk

#### IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of  
Pakistan Stock Exchange Limited |  
Corporate member of Pakistan Mercantile Exchange Limited

#### Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,  
Khayaban-e-Jami Block-09, Clifton, Karachi-75600  
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234  
Fax: (+92-21) 35309169, 35301780  
Website: [www.igisecurities.com.pk](http://www.igisecurities.com.pk)

#### Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,  
Stock Exchange Road, Karachi.  
Tel: (+92-21) 32429613-4, 32462651-2,  
Fax: (+92-21) 32429607

#### Lahore Office

Shop # G-009, Ground Floor,  
Packages Mall  
Tel: (+92-42) 38303560-69  
Fax: (+92-42) 38303559

#### Islamabad Office

3<sup>rd</sup> Floor, 85 East Kamran Center,  
F-Block, Jinnah Avenue, Blue Area  
Tel: (+92-51) 2604861-2, 2604864, 2273439  
Fax: (+92-51) 2273861

#### Faisalabad Office

Room #: 515-516, 5th Floor, State Life  
Building, 2- Liaqat Road  
Tel: (+92-41) 2540843-45  
Fax: (+92-41) 2540815

#### Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,  
Model Town, Town Hall Road  
Tel: (+92-68) 5871652-3  
Fax: (+92-68) 5871651

#### Multan Office

Mezzanine Floor, Abdali Tower,  
Abdali Road  
Tel: (92-61) 4512003, 4571183