



Securities

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FOREX Newsletter

October 7, 2021

Pulse of the Market

- Gold breaks above \$1,760 despite the broad US dollar strength across the board.
- From a technical perspective, gold stills under heavy downward pressure.
- The euro crept back above \$1.16, and was up 0.1% at \$1.1606.
- Dollar Index hit the highest point since September 2020 in recent days.

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%

The outflow of dollar weakened rupee sharply in recent week's. On Wednesday rupee weakened to a new record low against the dollar as importer dollar demand surpassed mild selling of the greenback by exporters. The rupee close at 170.96 against the dollar in the interbank market. The local unit has fallen by 8.32 percent versus the dollar so far this fiscal year. The tempo of the global economic recovery from the pandemic-led recession slowed noticeably. Central banks were starting to ease up on their exceptional support structures, initially through 'tapering' their massive stimulus programs. 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. The gauge, which measures the greenback against a basket of currencies, has marched steadily higher since June, adding nearly 2% over the past month. Yet, as always, there are scenarios which could undermine the currency's traction. Some analysts, apart from domestic factors, see the regime change in Afghanistan weighs on the rupee as well. They said the extra pressure on the rupee is due to the Afghanistan factor and the rupee remained under stress since the Taliban took control in Afghanistan and withdrawal the US forces from the country. There is an outflow of dollars to Afghanistan because of the scarcity of the US currency there amid dried foreign aid after the Taliban set up a government in the country. The greenback was also unfazed, even as U.S. Senate Republicans on Tuesday blocked a bid by President Joe Biden's Democrats to head off a potentially crippling U.S. credit default, with federal funding due to expire on Thursday and borrowing authority on around Oct 18. 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. This yawning was mainly due to higher trade deficit as imports continued to rise amid robust economic activity.

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 broke down significantly during the course of the trading session on Wednesday, showing signs of weakness yet again. The fact that we are well below the 1.16 level is a very negative sign indeed. EUR/USD has been sliding as a surge in US yields boosts the dollar. Europe's energy issues, dual US political uncertainty and taper fears could further push the pair down. Wednesday's four-hour chart is painting a mixed picture.



Yen

The US dollar initially tried to rally during the trading session on Wednesday but gave back gains to show signs of exhaustion. It looks as if the ¥112 level will continue to see significant selling pressure. If it is likely that we will continue to drift towards the 50 day EMA. The ¥110 level underneath that is the "floor the market" from what I see right now, extending down to the ¥109 level. At that level, you start to see the 200 day EMA therefore it would be a longer-term trend defining moment.



British Pound

GBP/USD received support near 1.3575 and rebounded towards the resistance level at 1.3600. The British pound has broken down during the trading session on Wednesday to break below the 1.36 handle. That being said, there has been a little bit of a bounce as well, but we are still in a longer term downtrend in general, and therefore it would not surprise me at all to see selling jumping in this market yet again.



Canadian Dollar

USD/CAD is currently trying to settle above the resistance at 1.2650 while the U.S. dollar is gaining ground against a broad basket of currencies. The U.S. Dollar Index is moving towards the resistance at the yearly highs at 94.50. A move above this level will push the U.S. Dollar Index towards the next resistance at 94.75 which will be bullish for USD/CAD. USD to CAD managed to settle above the 50 EMA



Appendix

FOREX Closing Prices for October 6, 2021					
Currency	Open	High	Low	Close	Net Chg
EUR/USD	1.1599	1.1599	1.1527	1.1554	-0.0042
USD/JPY	111.448	111.767	111.181	111.391	-0.054
GBP/USD	1.3626	1.3633	1.3542	1.3579	-0.0049
USD/CHF	0.9277	0.93058	0.9269	0.9271	-0.0006
USD/CAD	1.2578	1.2645	1.2573	1.2587	0.0007
EUR/JPY	129.285	129.477	128.312	128.73	-0.521
GBP/JPY	151.894	152.134	150.79	151.282	-0.598
CHF/JPY	120.084	120.229	119.727	120.112	0.044
AUD/JPY	81.226	81.35	80.538	80.988	-0.258
EUR/GBP	0.8511	0.8525	0.8493	0.8505	-0.0002
EUR/CHF	1.0762	1.0769	1.0705	1.0715	-0.0044
GBP/CHF	1.2644	1.2659	1.2577	1.2592	-0.0052

Daily Pivot Points							
Trading Range							
Contract	S3	S2	S1	Pivot	R1	R2	R3
EURUSD	1.14	1.1488	1.1521	1.1560	1.1593	1.1632	1.1665
USDJPY	110.54	110.86	111.13	111.45	111.71	112.03	112.30
GBPUSD	1.3445	1.3494	1.3536	1.3585	1.3627	1.3676	1.3718
USDCHF	0.9221	0.9245	0.9258	0.9282	0.9295	0.9319	0.9332
USDCAD	1.2486	1.2530	1.2558	1.2602	1.2630	1.2674	1.2702
EURJPY	127.04	127.67	128.20	128.84	129.37	130.00	130.53
GBPJPY	149.33	150.06	150.67	151.40	152.01	152.75	153.36
CHFJPY	119.31	119.52	119.82	120.02	120.32	120.52	120.82
AUDJPY	79.76	80.15	80.57	80.96	81.38	81.77	82.19
EURGBP	0.8458	0.8476	0.8490	0.8508	0.8522	0.8540	0.8554
EURCHF	1.0626	1.0666	1.0690	1.0730	1.0754	1.0794	1.0818
GBPCHF	1.2478	1.2527	1.2560	1.2609	1.2642	1.2691	1.2724

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

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