



# FX DAILY DOSSIER

January 31, 2024

Major Currencies Pairs			
Currency	Value	Change	Net Change
EUR-USD	1.08	-0.0021	-0.19%
USD-JPY	147.63	0.02	0.01%
GBP-USD	1.27	-0.002	-0.16%
US Dollar Index	103.57	0.17	0.17%

INR Currencies pairs			
Currency	Value	1 Week	Net Change
\$ USD-INR	83.2025	-0.0050	-0.01%
€ EUR-INR	90.2950	-0.3925	-0.43%
£ GBP-INR	105.4850	-0.3575	-0.34%
¥ JPY-INR	56.7950	0.0400	0.07%

Major Asian Equities			
INDEX	Value	Change	Net Change
Asia Dow	3,559.20	-9.05	-0.25%
Nikkei 225	35,864.93	-200.93	-0.56%
Hang Seng	15,549.71	-153.74	-0.98%
Shanghai	2,804.69	-25.83	-0.91%
Sensex	71,139.90	-801.67	-1.11%
Singapore	3,148.14	-1.9	-0.06%

Major Future Contracts			
Future Contracts	Value	Change	Net Change
DJIA FUT	38,620	8	0.02%
S&P FUT	4,929.25	-21.75	-0.44%
NASDAQ FUT	17,425.75	-162.75	-0.93%
Gold	2,052.00	1.1	0.05%
Silver	23.19	-0.035	-0.15%
Crude Oil	77.51	-0.31	-0.40%

## ANALYSIS

The Federal Reserve is facing an unexpected issue – inflation dropped more than anticipated. This creates a dilemma: if inflation stays at the Fed's 2% goal, real interest rates (adjusted for inflation) might be too high, limiting economic activity.

To address this, the Fed considers cutting interest rates, but the timing and extent are uncertain futures markets pricing for rate cuts are changing frequently. Earlier it was March for first cut but now it has been shifted to May or June.

Tonight's FOMC meeting won't see a rate cut due to a solidly growing U.S economy. The Fed wants to ensure sustained inflation levels below 2% before considering cuts. However, officials may make a significant move by abandoning their inclination for rate hikes, signalling openness to potential cuts in the future.

The question looms: will the dollar's strength persist even after the Fed hints at cuts, possibly in May or June? However the dollar has an advantage in terms of growth compared to other currencies despite the rate cycle uncertainty fades in long term.

Apparently the bias for the dollar is positive notably against the euro while the rupee may face a rangebound move. We can expect a typical range between 82.90 to 83.30 in the USDINR pair after the Fed's meeting outcome.

## LEVELS FOR THE DAY

Currency	Day's Trend	S3	S2	S1	Pivot	R1	R2	R3
\$ USD-INR	SIDEWAYS	82.9875	83.0885	83.1455	83.2465	83.3035	83.4045	83.4615
€ EUR-INR	NEGATIVE	89.8658	89.9767	90.1358	90.2467	90.4058	90.5167	90.6758
£ GBP-INR	SIDEWAYS TO NEGATIVE	105.0408	105.2417	105.3633	105.5642	105.6858	105.8867	106.0083
¥ JPY-INR	SIDEWAYS TO POSITIVE	56.5708	56.6417	56.7183	56.7892	56.8658	56.9367	57.0133



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Economic Data						
IST	Currency	EVENT	Previous	Forecast	SMC Forecast	Impact
3:30 PM	EUR	GDP Growth Rate QoQ Flash Q4	-0.10%	-0.10%	-0.10%	Neutral for EUR
3:30 PM	EUR	GDP Growth Rate YoY Flash Q4	0%	0%	0.10%	Neutral for EUR
8:30 PM	USD	JOLTs Job Openings DEC	8.79M	8.75M	8.69M	Neutral for USD

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