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FOREX Newsletter

October 25, 2021

Pulse of the Market

- DXY remains pressured after two-week downtrend, flirts with resistance line of bullish chart pattern.
- US Dollar Index (DXY) extends Friday's weakness.
- US Dollar Index (DXY) continues to trade within a well-defined range

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 dollar slipped on Monday, as traders weighed the prospect of inflation hastening the pace of rate hikes outside the United States, with a wary eye on commodity prices, U.S. growth data. The dip pulled the dollar index to a one-month low and extends softness after Federal Reserve Chair Jerome Powell said on Friday it not yet time to begin raising interest rates .The greenback fell about 0.2% against the Australian and New Zealand dollars and about 0.1% to \$1.1659 per euro. The dollar index edged down as far as 0.2% to 93.483. The yen, which leapt on Friday, eased slightly to 113.63 per dollar. The dollar index on Friday fell -0.14%. Lower T-note yields undercut the dollar along with strength in the euro. The dollar was supported by Fed Chair Powell's comment that seemed to confirm that the FOMC at its meeting next week will announce QE tapering, but the dollar was undercut as Mr. Powell went out of his way to also say that the FOMC is not close to raising interest rates. US Dollar Index (DXY) extends Friday's weakness, also the two-week south-run, while taking the bids around 93.61 during Monday's Asian session .The greenback gauge dropped to the three-week low on Thursday before bouncing off one-month-old horizontal support. Also challenging the DXY weakness is the 200-SMA and sluggish Momentum line ever since the quote reversed from the yearly top during mid-October .It's worth observing that the US Dollar Index portrays a short-term falling wedge bullish chart pattern, on the four-hour play. GBP/USD is currently trying to settle back above 1.3780 while the U.S. dollar is losing some ground against a broad basket of currencies .The U.S. Dollar Index continues its attempts to settle below the support level at 93.50. In case the U.S. Dollar Index manages to settle below this level, it will move towards the next support level at the 50 EMA at 93.40 which will be bullish for GBP/USD. The yield of 10-year Treasuries is currently trying to settle back above 1.65% after the significant pullback. In case this attempt is successful, the yield of 10-year Treasuries will move towards the recent highs near 1.70% which will be bullish for the American currency. GBP/USD failed to settle below the support level at 1.3745 and is trying to get back above the resistance level at 1.3780.

Time(GMT)		Economic Release	IMP	Actual	Forecast	Prior
01:30		Westpac Leading Index MoM (SEP)	Medium	-0.02%		-0.27%
06:00		BoE Tenreyro Speech	Medium			
10:00		Inflation Rate YoY (SEP)	High		3.2%	3.2%
12:30		Core Inflation Rate YoY (SEP)	High			3.5%
19:00		Chicago Fed National Activity Index (SEP)	Medium			0.29

Euro

EUR/USD on Friday rose by +0.14%. The euro received a lift after the Eurozone Oct Market manufacturing .The Euro has rallied a bit during the course of the trading session on Friday, as we continue to go looking towards the 1.1650 level. At this point in time, the market is likely to continue seeing this area around here as a magnet for price. If we can break out above the highs of the last couple of days, it is very likely that we would then see the market go looking towards the 1.17 level, right around where the 50 day EMA is.



Yen

USD/JPY on Thursday posted moderate losses. The yen strengthened Thursday on increased safe-haven demand after the Nikkei Stock Index fell -1.67%. The yen also found support Thursday on a report from Kyodo News that said Tokyo is set to roll back pandemic restrictions starting this Monday. USD/JPY turned lower on Thursday after forming a long-legged Doji candlestick pattern on the previous day. The downside candle following the Doji could mean confirmation, opening the door to a near-term turn lower.



British Pound

GBP/USD edges higher on the first trading day of the week in the Asian trading hours. The pair faces strong resistance near 1.3850 below the bearish sloping line. MACD signals sideways momentum with the underlying neutral sentiment .GBP/USD trades cautiously on Monday following the previous session's decline. The pair stayed in a narrow range band with an upside bias. At the time of writing, GBP/USD is trading at 1.3763, up 0.08% for the day.



Canadian Dollar

USD/CAD is currently trying to settle back above the resistance at 1.2340 while the U.S. dollar is flat against a broad basket of currencies .The U.S. Dollar Index received support near 93.50 but failed to develop upside momentum. The nearest resistance level for the U.S. Dollar Index is located at 93.75. USD to CAD is currently testing the resistance level at 1.2340. In case this test is successful, USD to CAD will move towards the next resistance which is located at 1.2380.



Appendix

FOREX Closing Prices for October 21, 2021					
Currency	Open	High	Low	Close	Net Chg
EUR/USD	1.1622	1.1654	1.1619	1.1641	0.0019
USD/JPY	113.984	114.181	113.395	113.446	-0.519
GBP/USD	1.3788	1.3813	1.3734	1.3755	-0.0035
USD/CHF	0.9179	0.9183	0.9149	0.916	-0.0021
USD/CAD	1.2367	1.2387	1.2318	1.237	0.0006
EUR/JPY	132.492	132.774	131.898	132.085	-0.393
GBP/JPY	157.22	157.638	155.9	156.066	-1.127
CHF/JPY	124.114	124.36	123.7	123.812	-0.281
AUD/JPY	85.094	85.509	84.574	84.673	-0.397
EUR/GBP	0.8425	0.8466	0.8419	0.8461	0.0036
EUR/CHF	1.067	1.0681	1.0656	1.0685	0.001
GBP/CHF	1.2659	1.2678	1.2588	1.2601	-0.0061

Daily Pivot Points							
Contract	Trading Range						
	S3	S2	S1	Pivot	R1	R2	R3
EURUSD	1.16	1.1603	1.1622	1.1638	1.1657	1.1673	1.1692
USDJPY	112.38	112.89	113.17	113.67	113.95	114.46	114.74
GBPUSD	1.3643	1.3688	1.3722	1.3767	1.3801	1.3846	1.3880
USDCHF	0.9111	0.9130	0.9145	0.9164	0.9179	0.9198	0.9213
USDCAD	1.2261	1.2289	1.2330	1.2358	1.2399	1.2427	1.2468
EURJPY	130.85	131.38	131.73	132.25	132.61	133.13	133.48
GBPJPY	153.69	154.80	155.43	156.53	157.17	158.27	158.91
CHFJPY	122.89	123.30	123.55	123.96	124.21	124.62	124.87
AUDJPY	83.39	83.98	84.33	84.92	85.26	85.85	86.20
EURGBP	0.8384	0.8402	0.8431	0.8449	0.8478	0.8496	0.8525
EURCHF	1.0642	1.0649	1.0667	1.0674	1.0692	1.0699	1.0717
GBPCHF	1.2477	1.2532	1.2567	1.2622	1.2657	1.2712	1.2747

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

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