



# Forex Market **Insights** Newsletter

Volume 175 → 22<sup>nd</sup> Sep 2025 to 26<sup>th</sup> Sep 2025

# Welcome

Dear Members,

The Federal Reserve's 25-basis-point rate cut sparked volatility in global currency markets, reflecting the interplay of U.S. monetary policy and international dynamics. Described by Fed Chair Powell as a "risk-management" move, it influenced major pairs amid trade talks and domestic pressures.

The Indian rupee initially surged to 87.72 on dovish Fed expectations but retreated as the dollar strengthened, buoyed by resumed U.S.-India trade negotiations that remain unresolved. Similarly, the Japanese yen weakened to 147.95, pressured by uncertainties in the Bank of Japan's policy amid its steady 0.5% rate and easing inflation, though divergence from the Fed's stance offers near-term support. Sterling rode a roller coaster, peaking at 1.3726 post-Fed cut before faltering due to the Bank of England's hold at 4% and looming UK fiscal challenges like tax hikes. The euro hit a four-year high of 1.1918 but stabilized around 1.1744, tempered by ECB's steady outlook and French domestic unrest, as markets recalibrate U.S. rate expectations.

Looking ahead, currency trajectories will hinge on upcoming U.S. economic data, further Fed commentary, and resolutions in trade deals, with potential rate cuts still anticipated through 2026. Domestic factors, from India's bond index inclusion to UK's budget announcements, could provide buffers, but persistent global policy divergences may sustain short-term pressures across these pairs.

Thank you

## CONTENTS

INR 2

USD 3

EUR 4

GBP 5

JPY 6

BLOG 7

## Key Takeaway Summaries

### ₹ INR

Both Indian & U.S. sides described the discussions as "positive and forward-looking".

### € EUR

The Euro climbed to a four-year high of 1.1918 against the dollar, driven by 25bps Fed interest rate cut.

### £ GBP

Chancellor Rachel Reeves expected to announce tax hikes in the November 26 budget to meet targets and maintain market stability.

### ¥ JPY

BOJ policy path will be influenced by the October 4 leadership race in Japan's ruling Liberal Democratic Party.

**PDEXCIL**

## Events to WATCH

Sept 23, 10:30  
S&P Global  
Manufacturing PMI  
(Sep)

Sept 23, 10:30  
S&P Global  
Service PMI (Sep)

Sept 23, 17:00  
FX Reserves,  
USD

The Rupee climbed to a high of 87.72 in anticipation of dovish monetary policy outlook by Fed, but gave up those gains as the dollar and U.S. bond yields rose, despite a 25 bps cut. The gains were further supported as trade talks between India and the U.S. resumed in person for the first time since the U.S. imposed steep tariffs on Indian goods. A U.S. delegation, led by Chief Negotiator Brendan Lynch, met with their Indian counterparts in New Delhi to discuss a proposed bilateral trade agreement. Both sides described the discussions as "positive and forward-looking". The Fed made an expected 25 bps rate cut but Fed Chair Powell's characterization of the move as a "risk-management cut" diverged from the more dovish policy outlook shown in the latest dot-plot projections pressured the rupee.



Markets still expects two more rate cut by Fed this year and 25 bps cut by January 2026. In a positive development for the rupee, Bloomberg Index Services is reportedly seeking investor views on including Indian government bonds in its flagship global aggregate index. India's foreign exchange reserves increased significantly, rising by \$4.7 billion to a total of \$703 billion as of September 12. The rupee is likely to remain under pressure in the near term, as the trade deal has yet to be finalized, with the probability of a conclusion appearing remote, potentially around November.

# \$ USD

REPO RATE

4.25%

GDP

3.3%

INFLATION

2.9%

UNEMPLOYMENT

4.3%

TRADE BALANCE

\$ -78.31

## Events to WATCH

Sept 23, 19:15

S&P Global

Manufacturing PMI

(Sep)

Sept 23, 19:15

S&P Global Services

PMI (Sep)

Sept 25, 18:00

Durable Goods Orders

(MoM) (Aug)

Sept 25, 18:00

GDP (QoQ) (Q2)

Sept 25, 18:00

Initial Jobless Claims

Sept 26, 18:00

Core PCE Price Index

(YoY) (Aug)



It was a notable week for the dollar-rupee pair as the long-awaited rupee recovery finally emerged. The pair briefly slipped to a three-week low of 87.7125 on Wednesday before swiftly rebounding to touch a weekly high of 88.345 on Friday. The move was aided by weakness in the dollar index, which fell to 96.21(3.5 year low), after the FOMC meeting signaled two additional rate cuts by December 2025 as per the dot plot.

On the daily chart, the pair ended the week with a bullish bias as it bounced back strongly from the 87.95 zone, a level that previously acted as resistance before the new all-time high made on August 29. During the week, a small price gap of 8.5 paisa between 87.86 and 87.945 was created close to the week's closing of 88.09, suggesting that the pair could dip in upcoming sessions to fill this gap. While the all-time high of 88.46 remains the key resistance, the 87.90–87.95 region now serves as immediate support, reinforced by the 21-day EMA (blue line) around 87.895 and a price is also expected to fill around that region only. A decisive break below could drag the pair further toward 87.40, where the 50-day EMA is placed.

From a hedging standpoint, importers are advised to stay active and cover exposures on dips below 88.00, while exporters should look to sell above 88.30 and maintain a hedge ratio of around 40–50%. Given the prevailing uncertainty in the market, a judicious mix of forwards and options is recommended to ensure effective risk management.

## Events to WATCH

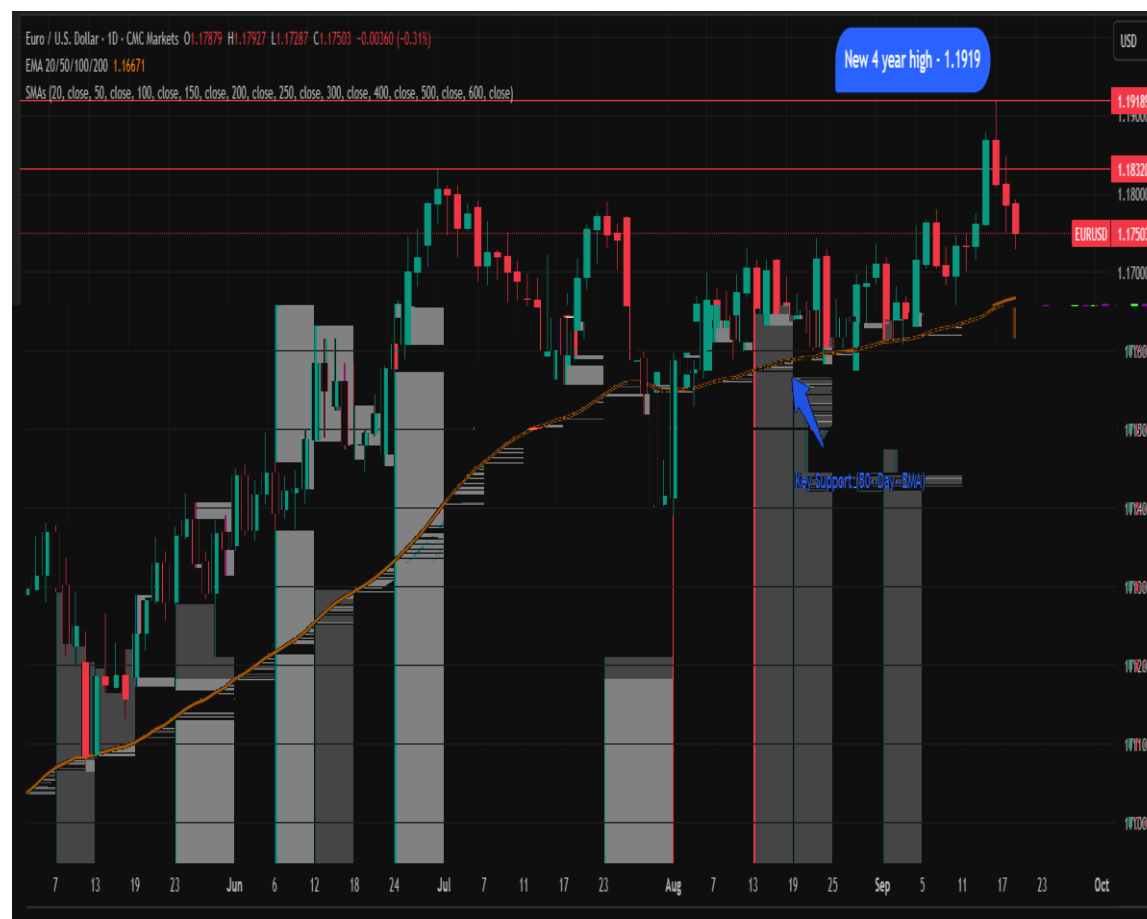
Sept 23 13:00  
HCOB Germany  
Services PMI (Sep)

Sept 23, 13:30  
HCOB Eurozone  
Manufacturing PMI  
(Sep)

Sept 23, 13:30  
HCOB Eurozone  
Services PMI (Sep)

Sept 24, 13:30  
German Ifo Business  
Climate Index (Sep)

The Euro climbed to a four-year high of 1.1918 against the dollar, driven by 25bps Fed interest rate cut, but after a slightly hawkish comment by Fed Governor Powell it stabilized just above 1.18 levels. The pair continued to drop and closed the week around 1.1744, as the market quickly repriced a slower future trajectory for US rate cuts. ECB Executive Board member Isabel Schnabel advised policymakers to maintain a steady policy stance, highlighting inflation risks from tariffs, services, food prices, and fiscal trends, although the CPI data came as 2.0% which was slightly softer than the expectations of 2.1%. While ECB's stable outlook favors the euro, French protests against proposed spending cuts will keep the gains in check. Looking ahead, the pair's near-term direction will be highly sensitive to upcoming US economic data and any further Fed commentary as market participants adjust to this new, more cautious monetary policy path.



EURUSD opened the week at 1.1733, with limited downside as it touched a low of 1.1716 in the opening session before climbing to a mid-week high of 1.1919, last seen in June 2025. The rally was fueled by anticipation of the Fed's interest rate decision, with rate cuts providing the initial push higher. However, gains quickly faded as Fed Chair Powell struck a cautious tone, tempering market optimism and dragging the pair back toward the 1.1700 level, which now acts as a short-term support zone. From a technical perspective, 1.1800 remains a key psychological resistance, sitting just below the four-year high of 1.1832. Despite breaking above 1.1900, the weekly close beneath prior highs underscores the strong resistance in this region. On the downside, the 50-day EMA around 1.1700 offers immediate support, with deeper losses likely toward 1.1500 on a breakdown. Overall, dip-buying bias prevails, with a sustained weekly close above 1.1800 needed to confirm renewed bullish momentum.

## Events to WATCH

Sept 23, 14:00  
S&P Global Composite PMI (Sep)

Sept 23, 14:00  
S&P Global Manufacturing PMI (Sep)

Sept 23, 14:00  
S&P Global Services PMI (Sep)

It was a roller coaster ride for sterling this week as it gained during the start of the week, supported by the decline in the dollar index. The pair strengthened after the Fed cut the interest rates by a 25-bps points and touched a 1.5-month high of 1.3726. However, But the pair quickly gave up its gains after Fed Chair Powell described the cut as a risk-management measure, signaling limited urgency to ease borrowing costs aggressively. The pound faced further pressure as the Bank of England kept its policy rate at 4%, with two members favoring a cut, contrary to market expectations. Domestically, UK retail sales rose 0.5% in August, aided by favorable weather, though July's growth was revised lower. Rising government borrowing—the highest for the first five months of a fiscal year since 2020—has increased expectations of additional fiscal measures, with Chancellor Rachel Reeves expected to announce tax hikes in the November 26 budget to meet targets and maintain market stability. Overall, sterling is expected to remain under pressure from domestic fiscal challenges despite support from dollar weakness.



Sterling registered a negative week, declining 0.7% after two consecutive weekly gains, with heightened volatility as the pair traded within a 266-pip range. Technically, the pair initially advanced to a 1.5-month high of 1.3726 but reversed sharply to close the week lower at 1.3460, below the prior week's close and near the weekly low, confirming a bearish undertone. The MACD indicator reinforces the downtrend, with the MACD line trending lower following a bearish crossover. On the downside, immediate technical support is seen at 1.3392 (previous support), and a break below this level could open the path toward the 150-Day SMA at 1.3319, which remains a key downside cushion. From a hedging perspective, GBP importers should remain cautious and initiate near-term cover if levels breach 1.3400, while exporters may continue to stay on hold.

# ¥ JPY

REPO RATE

0.5%

GDP

0.5%

INFLATION

2.7%

UNEMPLOYMENT

2.3%

TRADE BALANCE

¥ -243B

## Events to WATCH

Sept 24, 06:00

Manufacturing and Services PMI (MoM) (Sep)

Sept 24, 06:00

au Jibun Bank Manufacturing PMI (Sep)

Sept 24, 06:00

au Jibun Bank Services PMI (Sep)

Sept 26, 05:00

Tokyo Core CPI (YoY) (Sep)

Sept 26, 05:00

Tokyo CPI (YoY) (Sep)

The Japanese yen weakened against the US dollar, closing the week at 147.95 as investors are unsure if the BOJ policy path will be influenced by the October 4 leadership race in Japan's ruling Liberal Democratic Party. The BoJ maintained its policy rate at 0.5% for the fifth consecutive meeting as expected. Although an unexpected dissent from two board members on the decision to hold rates, prompting them to refocus on when the BoJ will next raise rates. The BoJ acknowledged moderate economic recovery but highlighted areas of weakness and risks from global trade policies. Japan's core inflation rose 2.7% in August but eased for the third straight month, reaching its lowest level since November 2024. Earlier in the week, the yen had declined about 1% over two sessions as the dollar firmed after the Federal Reserve signaled a less dovish stance than expected. The Fed cut rates by 25 basis points and projected two more cuts this year, with just one expected in 2026. This divergence between the Fed's cautious easing and the BoJ's steady stance will keep the yen supported in near term.



USDJPY opened the week on a firm footing at 147.77 but slipped to a two-month low of 145.48 after Fed Chair Powell's cautious remarks tempered market optimism and weighed on the dollar. The yen's early strength, however, was partly offset as focus shifted from the Fed to the Bank of Japan's policy decision. The BoJ maintained its cautious stance on rate hikes, bolstering the dollar and aiding USDJPY's rebound. Political attention also turned to Japan's October 4 leadership vote following Prime Minister Ishiba's resignation, adding an element of uncertainty. By week's end, the pair recovered to close modestly higher at 147.95. Technically, 147.00 serves as a pivotal support level in line with the 50-day EMA. A sustained break lower could open the way toward 146.00 (S1) and 145.00 (S2). On the upside, consolidation between 148–149 keeps a retest of 150–151 possible. Overall, the broader uptrend remains intact, with corrective dips expected to attract buying interest.



## Measuring the Performance of Your Forex Operations

For any business that deals with international trade, foreign currency plays a big role in daily operations. Whether you're buying machines from another country or selling goods to customers abroad, the value of money changes based on exchange rates. These changes can either add to your profits or take away from them. That's why measuring the performance of your forex activities is important. This blog will walk you through simple ways to evaluate how well your forex operations are performing using easy-to-understand examples and tips.

### Know How Much Foreign Currency Comes In and Goes Out

The first step is understanding how much foreign currency you receive and pay. This is also known as tracking your foreign currency inflows (money you receive) and outflows (money you pay).

### Understand Your Trade Timelines and Payment Terms

The time between taking an order and receiving payment or making payment is known as your trade cycle. The longer the time gap, the higher the chance of currency rate changes affecting your money.

### Go Beyond Your Profit & Loss Statement

Most companies look at their accounting books to

measure how they performed in forex. They often use something called the Bill of Lading (B/L) method. This records the exchange rate when goods are shipped. But the real exposure begins much earlier, when you accept the order.

### Use the First Day Forward Rate (FDFR) as Your Benchmark

When you plan to hedge your currency exposure, it helps to have a benchmark rate in mind. This is where the FDFR comes into play.

$$\text{FDFR} = \text{Spot Rate (today's rate)} + \text{Forward Premium (extra cost for booking in advance)}$$

This rate becomes your reference point. You'll decide whether to hedge based on whether the current forward rate is better or worse than this.

### Hedge Only When It Makes Sense

If you're an exporter (you will receive foreign currency in the future), then:

Hedge only when the forward rate is above 99.15 (based on the example). This means you're locking in more INR per euro, which is good for your revenue.

If you're an importer (you will pay in foreign currency), then:

Hedge only when the forward rate is below 99.15. This means you're locking in a lower cost in INR, which is good for your expenses.

### Why This Approach Works

By following this method, you stop reacting to the market blindly. Instead, you follow a plan that protects your business. You make decisions based on facts and figures, not on fear or hope. You also avoid unnecessary costs and keep your profits safe from sudden currency swings.

### Final Thoughts

Measuring the performance of your forex operations is not about chasing gains or reacting to every small change in currency rates. It's about setting benchmarks, tracking real exposure, and making informed decisions.

With simple tools as we discussed in this blog, you get a full view of how currency changes affect your profits. You can then take timely actions to protect your money and grow your business.



# Mobile Application: Features

## Live rates

Exact time Live Rates are provided for USD, INR, EUR, JPY, GBP and CNY.

## Forward Calendar

Shows the forward rate you'll receive if you book a contract today for the respective rate to hedge, for both import and export separately.

## Rate Alert

Set Rate alert for different types of transactions and know when the target rate has traded for the first time in forex market.

## Economic Calendar

Stay updated about the economic events taking place round the globe. Also their impact on the currency- high, medium or low.

## Forex Research

Publications- Daily Reports, Premium Research, Daily Trading Calls, News, Case Studies, Weekly Report, Monthly Report, Blogs.

The screenshot shows the 'Corporate Fx' section of the mobile app. It displays a table of currency rates with columns for Currency, Bid, and Ask. Each entry includes a high/low range and a percentage change.

Currency	Bid	Ask
USDINR	73.3575	73.4575
EURUSD	1.1809	1.1810
NZDUSD	0.7027	0.7028
AEDINR	19.9700	19.9790
JPYINR	0.6649	0.6652
CNYINR	11.2023	11.2031
USDCNY	70.3525	71.4275

## FX on Call

Get the best rates as the dealers of Myforexeye do live negotiation with the Bank on a conference call, which includes the client too.

## Order For Forex

This feature enables you to Buy/ Sell Forex and Transfer Money for any purpose.

## Process Forex Transactions

This feature gives you access to Transaction Process Outsourcing service for transactions including Cash, Tom, Spot, Forward, etc for both export and import.

## International Trade Finance

Get access to trade services like Buyer's Credit, Supplier's Credit, Export LC Discounting and Export Factoring.

## Forex Trading

This feature enables you to Buy/ Sell Forex and make money transfer for any purpose.



Ritik Bali  
8860447723  
advisory@myforexeye.com



Ms Lavany Saxena  
9892886912  
pdexcilmumbai@gmail.com