



# Forex Market **Insights** Newsletter

Volume 189 → 29<sup>th</sup> Dec 2025 to 2<sup>nd</sup> Jan 2026

## Key Takeaway Summaries

### ₹ INR

USDINR remained relatively stable through the week, as strong RBI support helped release pressure from dollar demand.

### € EUR

ECB Governing Council member Yannis Stournaras emphasizing the need to “preserve optionality”

### £ GBP

Against still-elevated price pressures, economic growth remains fragile, with UK GDP expanding just 0.1% in the latest quarter.

### ¥ JPY

Intervention warnings from Japan’s top currency officials and Governor Ueda’s openness to further rate hikes also supported the Yen.

# Welcome

Dear Members,

The Indian rupee weakened slightly to 89.85, hit by outflows and importer demand. RBI's \$10 billion swap supported liquidity.

Across major pairs, EURUSD stayed bullish near 1.1770-1.1780, backed by ECB caution versus expected Fed cuts in 2026 amid thin liquidity.

USDJPY traded mixed but firm around 157, lifted by yen safe-haven flows, geopolitical risks, and BOJ tightening signals despite cooling inflation.

GBPUSD held strong, hitting three-month highs near 1.3530 on broad dollar weakness against mixed US data, though weak UK growth capped gains.

Looking ahead, range-bound trading is likely to persist into the new year. RBI interventions should curb excessive rupee weakness, while ongoing dollar demand, outflows, and trade uncertainties cap appreciation. A softer dollar backdrop from anticipated Fed easing may support Emerging Markets and European currencies, but geopolitical tensions and policy divergences could spark short-term volatility across pairs.

Thank You.

## CONTENTS

INR 2

USD 3

EUR 4

GBP 5

JPY 6

BLOG 7

## Events to WATCH

Dec 29, 16:00  
Industrial  
Production (YoY)  
(Nov)

Dec 29, 16:00  
Manufacturing  
Output (MoM)  
(Nov)

Dec 31, 15:30  
Federal Fiscal  
Deficit (Nov)

Jan 2, 10:30  
S&P Global  
Manufacturing PMI  
(Dec)

Jan 2, 17:00  
FX Reserves, USD

The rupee ended the week slightly weaker at 89.85. The currency fell about 0.6% for the week, giving back part of the more than 1% gains made in the previous week after central bank intervention lifted it from record lows. The week started cautiously as markets waited to see if the RBI would continue its strong support. USDINR remained relatively stable through the week, as strong RBI support helped release pressure from dollar demand. Importers increased dollar purchases at dips, while exporters stayed cautious and delayed selling. Dollar-rupee forward premiums, which had risen sharply earlier, continued to ease during the week. The 1-year implied yield fell by around 10 bps to about 2.74%, after the RBI announced a \$10 billion dollar-rupee buy/sell swap. This step was aimed at improving rupee liquidity and calming conditions in the forward market. This move helped ease pressure in the system and kept market conditions relatively calm. Foreign investors continued to pull money out of Indian markets, with equity outflows close to \$18 billion this year, which reduced dollar inflows.



On a positive note, India's foreign exchange reserves increased to \$693.32 billion, giving the RBI room to manage excessive weakness in the currency. Globally, the U.S. dollar softened despite strong U.S. GDP growth of 4.3%. The dollar index hovered near a two and half month low at 98.05 as cooling labour market signals, political pressure on the Federal Reserve, and expectations of rate cuts in 2026 limited dollar strength. This offered some support to Asian currencies, including the rupee, though the impact remained limited. Looking ahead, USDINR is expected to trade in a range-bound manner. RBI support should help limit sharp weakness, but continued dollar demand, portfolio outflows, and trade-related uncertainty are likely to cap any strong appreciation in the near term.

# \$ USD

REPO RATE

3.75%

GDP

4.3%

INFLATION

2.7%

UNEMPLOYMENT

4.6%

TRADE BALANCE

\$ -52.83 B

## Events to WATCH

Dec 29, 12:30

Pending Home Sales (MoM) (Nov)

Dec 29, 21:00

Crude Oil Inventories

Dec 30, 19:30

S&P/CS HPI

Composite - 20 n.s.a. (MoM) (Oct)

Dec 31, 03:00

API Weekly Crude Oil Stock

Dec 31, 19:00

Initial Jobless Claims

Dec 31, 19:00

Continuing Jobless Claims

Jan 02, 20:15

S&P Global Manufacturing PMI (Dec)

Jan 03, 03:00

Fed's Balance Sheet



Following two successive rounds of heavy RBI intervention in the prior week, USDINR trading stabilised during the holiday-shortened week, which saw only four active sessions. The pair largely moved within a narrow weekly band of approximately 50 paise, oscillating between 89.44 and 89.94. Toward the latter part of the week, month-end dollar demand provided upward pressure, briefly pushing the pair closer to the 90.00 level.

From a technical perspective, the daily chart indicates a phase of consolidation as reduced market participation during the festive period has led to subdued price action. Despite the sideways movement, the broader bias remains positive, with the linear regression channel continuing to point higher. On the upside, the 90.00 mark remains the immediate resistance zone. On the downside, the 50-day simple moving average around 89.13 is expected to provide strong support. A sustained break below this level could expose the next support near the 100-day simple moving average around 88.60.

In the current uncertain environment, a balanced hedging approach using a combination of options and forward contracts is recommended, rather than relying exclusively on options. Importers are advised to actively hedge on corrective dips, with defined stop-loss levels and strict adherence, as the broader bullish outlook for USDINR remains intact. Exporters, meanwhile, may consider waiting for higher levels and look to hedge on a move above the 90.00 psychological threshold.

## Events to WATCH

Jan 02, 14:30

HCOB Eurozone  
Manufacturing PMI  
(Dec)

The EURUSD maintained a bullish bias this week as persistent U.S. dollar weakness—driven by expectations of continued Federal Reserve rate cuts in early 2026—outweighed a brief mid-week bounce in the greenback following stronger-than-expected U.S. GDP data. Thin holiday liquidity, with markets closed for Christmas and Boxing Day, kept price action range-bound, yet the pair remained resilient near the 1.1770–1.1780 region. On the Euro side, ECB Governing Council member Yannis Stournaras emphasizing the need to “preserve optionality” and remain ready to adjust policy in either direction, reinforcing confidence that the ECB is not in a hurry to ease aggressively. Additionally, Eurozone import prices fell 1.9% year-on-year in November—the sharpest decline since March 2024—highlighting easing cost pressures without signaling demand weakness. This divergence between a softening Fed outlook and a cautious, data-dependent ECB continues to underpin the euro near multi-month highs.



EURUSD maintained its bullish footing this week, closing firmly around 1.1770 despite thinning holiday volumes. The pair tested the psychological 1.1800 barrier early in the week, peaking near 1.1803, before a mid-week correction triggered by stronger US GDP data pulled price action back toward 1.1700. This key psychological level acted as a robust floor, absorbing selling pressure and facilitating a rebound into the weekly close. The price action remains constructive, with the pair holding comfortably above the breakout zone of 1.1640–1.1650. However, upside momentum appears to be consolidating; a decisive daily close above 1.1800 is now required to signal the next leg of the rally. Failure to sustain the 1.1700 support could invite a deeper pullback toward the 20-day moving average or the 1.1640 base.

## Events to WATCH

Jan 02, 12:30  
Nationwide HPI  
(MoM) (Dec)

Jan 02, 12:30  
Nationwide HPI  
(YoY) (Dec)

Jan 02, 15:00  
S&P Global  
Manufacturing PMI  
(Dec)

The British pound remained firm during the week and touched a three-month high of 1.3534. Sterling was supported by ongoing weakness in the US dollar as markets assessed mixed US economic data. US GDP surprised on the upside, with growth coming in at 4.3% compared to expectations of 3.3%, showing resilience in economic activity. However, other indicators painted a softer picture. CB consumer confidence weakened, suggesting households are becoming more cautious about future conditions. At the same time, initial jobless claims fell to 214k, better than expectations of 224k, indicating the labor market remains relatively stable but is showing early signs of moderation. In the UK, attention remained on the Bank of England following its recent interest rate cut, which was widely expected and had limited impact on the pound. Policymakers maintained a cautious tone, balancing easing inflation—slowing to about 3.2% in November—against still-elevated price pressures. Economic growth remains fragile, with UK GDP expanding just 0.1% in the latest quarter. Looking ahead, the pound may stay supported by a softer US dollar backdrop, though weak domestic growth and the possibility of further rate cuts could limit gains.



Sterling posted a strong performance in the holiday-shortened week, gaining close to 1% and extending its upward momentum following the doji formation previous week on the weekly chart, which signals sustained buying interest. The prevailing uptrend is further reinforced by the upward-sloping trendline. The pair opened the week at 1.3372, advanced to a fresh three-month high of 1.3533, but faced resistance near those levels and eventually settled slightly lower at 1.3496. The 14-day RSI is at 67.54, after briefly moving above the 70 mark, indicating that the pair had entered overbought territory and is now undergoing a mild corrective phase. On the downside, immediate support is placed near 1.3450, aligned with the rising trendline; a decisive break below this level would signal a potential shift in trend. Subsequent supports are located at the 50-day and 100-day SMAs at 1.3368 and 1.3263, respectively, which could limit further downside. On the upside, a sustained break above the recent resistance could open room toward 1.3726, the previous swing high. From a hedging perspective, exporters may look to increase hedge ratios at current levels and gradually add cover on moves above 1.3500, while importers should remain watchful for dips toward the identified support zones.

# ¥ JPY

REPO RATE

0.75%

GDP

-0.6%

INFLATION

2.9%

UNEMPLOYMENT

2.6%

TRADE BALANCE

¥ 322.2 B

## Events to WATCH

Jan 01, 02:00

CFTC JPY speculative net positions

USDJPY traded with mixed movements but remained firm this week, as the Yen drew support from heightened geopolitical tensions and persistent expectations that the BOJ will continue to tighten its policy. Safe-haven demand increased amid concerns surrounding US-Venezuela maritime friction, renewed Israel-Iran nuclear risks, and the ongoing Russia-Ukraine conflict. Intervention warnings from Japan's top currency officials and Governor Ueda's openness to further rate hikes also supported the Yen, despite lingering concerns over Japan's deteriorating fiscal position and rising bond yields. Midweek, the Yen extended gains following policy-tightening signals from recent BoJ meeting minutes, while the US Dollar softened on expectations of rate cuts in 2026 amid weaker US data. However, late-week gains were pared as risk appetite improved and Tokyo CPI cooled to 2.3%, easing pressure on the BoJ to act aggressively. USDJPY briefly climbed, touching a weekly high of 157.709, a level last seen in January. Looking ahead, the Yen may remain supported as BoJ tightening expectations persist, though cooling inflation and improved risk sentiment could trigger short-term volatility.



USDJPY retreated this week after posting gains for two consecutive weeks, declining by nearly 1 yen overall. The pair began the week on a firm footing near 157.67 but gradually slipped to a weekly low around 155.55 during the first half. Buying interest emerged at lower levels, supported by thin liquidity conditions amid the Christmas Eve holiday period, limiting further downside pressure. A late-week rebound lifted the pair by approximately 0.61% on the final trading day, with prices settling near the midpoint of the weekly range. However, such a close typically signals subdued demand and suggests that sellers continue to retain control. On the upside, immediate resistance is located near 158, the recent swing high recorded on 19 December 2025. A sustained break above this zone could reinforce bullish momentum and open the door toward 158.87, the major high from 10 January 2025. Overall, price action and momentum indicators indicate that declines are attracting buying interest, keeping the near-term bias constructive unless USDJPY slips below the key 155 support, which also coincides with the 50-day simple moving average.



## Enhancing Forex Risk Management

Forex markets can be volatile, yet businesses don't have to be. Many companies face challenges managing foreign exchange risk, often relying on unstructured, reactive strategies, where decisions are made based on immediate need rather than a clear, predefined plan. Common problems include over-reliance on banks for advice, and unpredictable cash flow, which can erode margins and destabilize profitability. Without proper risk management, businesses are exposed to currency fluctuations that can significantly affect their operations.

### Key Components of Forex Risk Management Framework

#### 1. Exposure Identification: Recognizing Risk Points

**Natural (Operational):** Exposure that arises from day-to-day imports and exports.

**Financial:** This type of exposure comes from foreign currency loans, investments, or liabilities.

**Import of capital goods like machinery:** Found in long-term contracts or price escalation clauses where FX movement indirectly affects the business.

#### 2. Risk Profiling: Understanding Your Risk Tolerance

**Quantifying potential losses:** Estimating the impact of adverse currency movements on the business.

**Analyzing volatility:** Understanding how much a currency pair fluctuates over time..

**Defining acceptable risk limits:** Setting boundaries for how much exposure the company is willing to tolerate and how much risk it aims to hedge against.

#### 3. Hedging Policy Formulation: Creating a Structured Approach.

**Objective:** The goal of hedging.

**Scope:** Determining which exposures will be hedged.

**Instruments:** Identifying which financial tools.

**Hedging Ratio:** Deciding what percentage of each exposure will be hedged.

**Roles and Responsibilities:** Defining who is authorized to make decisions and execute hedging strategies.

**Monitoring and Reporting:** Setting up regular review processes to assess the effectiveness of the hedging policy.

#### 4. Execution Protocols: Implementing the Strategy

**Counterparty Selection:** Deciding which banks or financial institutions to work with.

**Settlement Procedures:** Clarifying how payments will be made or received for each trade.

**Market Intelligence and Monitoring:** Leverage real-time market data and customized dashboards to make informed decisions.

**TPO:** Outsource forex deal booking and rate comparison to streamline execution and reduce operational costs.

### Conclusion

While forex markets can be volatile, businesses can turn this uncertainty into a manageable aspect of their operations by adopting a structured risk management framework. From identifying exposures to benchmarking performance, a clear strategy empowers businesses to make informed decisions, reduce costs, and protect their profitability. Structured forex risk management isn't just for large corporates anymore because Myforexeye offers customized forex solutions that help businesses understand their exposure, plan their currency strategies, and ultimately protect their margins. It's time to stop leaving money on the table and start taking control of forex risk.



# 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

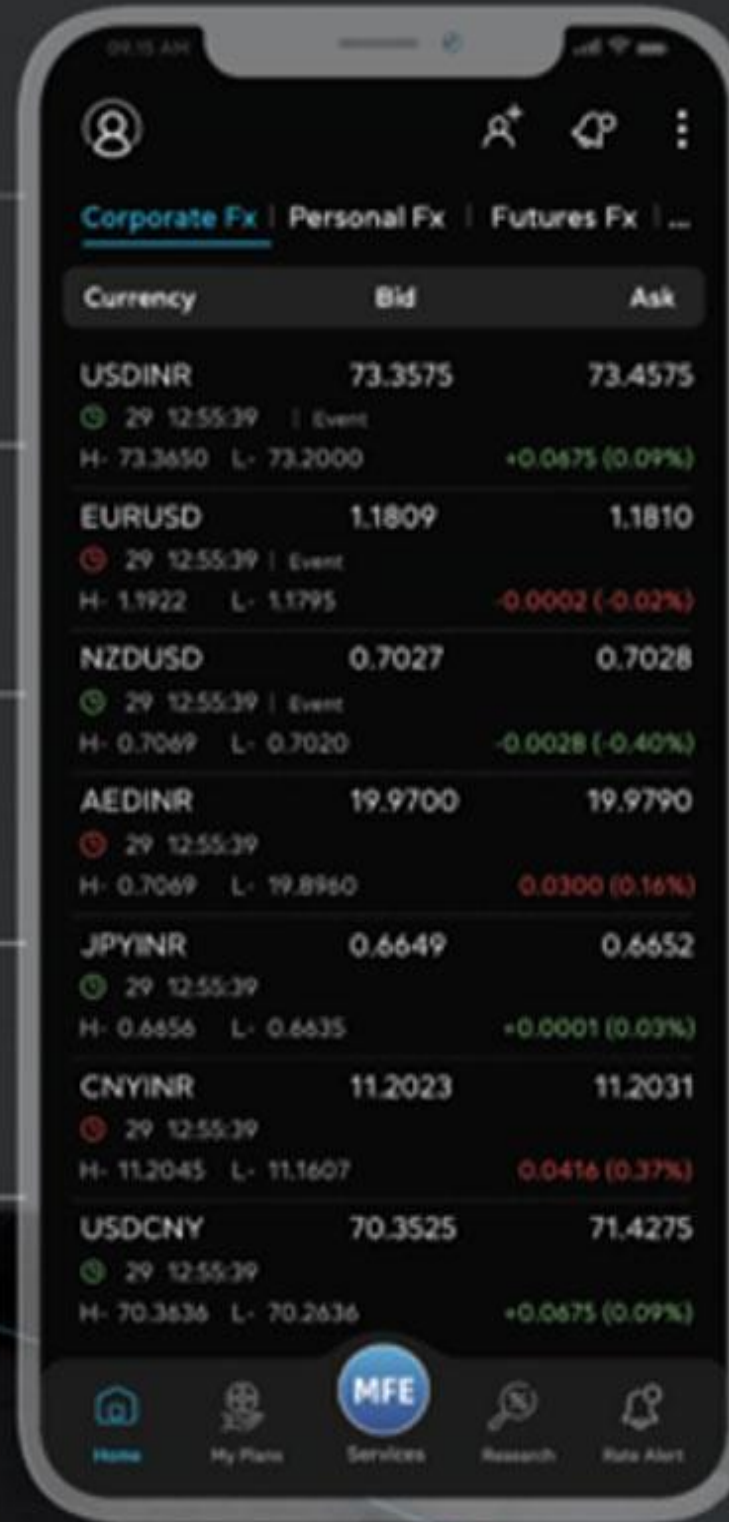
Set Rate alert for different types of transactions and know when the target rate has traded for the first time in forex market.

## 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 application. 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.

**Myforexeye**  
Simplifying Forex

Ritik Bali  
8860447723  
advisory@myforexeye.com

**PDEXCIL**

Ms Lavany Saxena  
9892886912  
pdexcilmumbai@gmail.com