

KEY HEADLINES:

- The dollar started the new year where it left the old one, under pressure as investors wagered U.S. economic outperformance could be coming to an end as optimism on trade brightens the outlook for growth globally. Signs of progress in the Sino-U.S. trade dispute undermined the dollar for much of December, leaving its index down 1.9% on the month. It was flat on Thursday at 96.440 having touched a six-month trough ahead of the holidays. The euro edged up to \$1.1220, after gaining 1.8% in December to reach its highest since early August. It now looks set to challenge that August peak at \$1.1249.
- U.S. President Donald Trump said on Tuesday that Iran will be held accountable for lives lost in attacks on any U.S. facilities. "Iran will be held fully responsible for lives lost, or damage incurred, at any of our facilities. They will pay a very BIG PRICE! This is not a Warning, it is a Threat," Trump wrote on Twitter hours after protesters angry about U.S. air strikes on Iraq hurled stones and torched a security post at the U.S. Embassy in Baghdad. "The U.S. Embassy in Iraq is, & has been for hours, SAFE! Many of our great Warfighters, together with the most lethal military equipment in the world, was immediately rushed to the site," Trump said.
- The health of China's manufacturing sector continued to improve in December, with firms registering a further strong rise in output. However, the rate of new order growth eased to a three-month low, and export sales rose only slightly. At the same time, confidence towards the 12-month business outlook remained relatively weak, and staffing numbers stagnated. Nonetheless, a further rise in new work prompted firms to expand their purchasing activity and inventories, which in turn placed further strain on supply chains.
- China's central bank said on Wednesday it was cutting the amount of cash that all banks must hold as reserves, releasing around 800 billion yuan (\$114.91 billion) in funds to shore up the slowing economy. The People's Bank of China (PBOC) said on its website it will cut banks' reserve requirement ratio (RRR) by 50 basis points, effective Jan. 6. The move would bring the level for big banks down to 12.5%. The PBOC has now cut RRR eight times since early 2018 to free up more funds for banks to lend as economic growth slows to the weakest pace in nearly 30 years.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
French Final Manufacturing PMI	EUR	50.3	50.3	MEDIUM
German Final Manufacturing PMI	EUR	43.4	43.4	MEDIUM
Final Manufacturing PMI	EUR	45.9	45.9	MEDIUM
Final Manufacturing PMI	GBP	47.6	47.4	HIGH
Unemployment Claims	USD	222K	222K	MEDIUM
Final Manufacturing PMI	USD	52.5	52.5	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.45	71.35	71.25	71.55	71.65	Sideways
EURINR FUTURE	80.17	80.05	79.90	80.40	80.55	Sideways
GBPINR FUTURE	94.75	94.45	94.25	95.00	95.20	BEARISH
JPYINR FUTURE	65.91	65.80	65.70	66.00	66.10	BEARISH

RESEARCH BONANZA FOREIGN CURRENCY SEGMENT

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