

KEY HEADLINES:

- China's factory activity expanded at a slightly slower pace in October but beat analysts' expectations, suggesting a continuing economic recovery as the country rebounds from the coronavirus shock. The official manufacturing Purchasing Manager's Index (PMI) fell to 51.4 in October from 51.5 in September, data from the National Bureau of Statistics showed on Saturday, remaining above the 50-point mark that separates growth from contraction. Analysts had expected it to fall to 51.3 but said a broader recovery still appeared well on track.
- Today is the last trading day in October, and the US Dollar has been bought over the last few days into month end, which may conclude after the London fix (11:00am ET). What happens then? Will the US Dollar reverse and continue with its longer-term decline when November starts? Heading into the trading day, the DXY has broken out of the top of a descending triangle. This is not typical of this type of formation. Traders will have to be alert that this could be a false breakout and may head back down towards the downward sloping trendline, which will be first support near 93.25, then the recent lows near 92.50.
- With inflation still elusive and a host of questions surrounding an economy that just set a single-quarter record for growth, the Federal Reserve faces a choice of whether to wait for conditions to unfold further, or act now to provide some extra help. Most market participants expect the Federal Open Market Committee to sit on its hands when it holds its policy meeting Wednesday and Thursday. However, officials are expected to discuss the policy options open to them at this point, and with so much uncertainty surrounding the current situation it wouldn't be that big of a surprise to see them make some kind of move.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Final Manufacturing PMI	EUR	54.4	54.4	MEDIUM
Final Manufacturing PMI	GBP	53.3	53.3	MEDIUM
Final Manufacturing PMI	USD	53.3	53.3	MEDIUM
ISM Manufacturing PMI	USD	55.6	55.4	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	74.60	74.45	74.10	74.75	75.10	BULLISH
EURINR FUTURE	87.41	87.20	86.80	87.60	88.00	BULLISH
GBPINR FUTURE	96.76	96.50	96.00	97.00	97.50	BULLISH
JPYINR FUTURE	71.63	71.45	71.00	71.85	72.30	BULLISH

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Disclosure:

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