

KEY HEADLINES:

- Central banks around the globe are likely to loosen monetary policy further as the coronavirus continues to drive markets lower. Last week's sharp sell-off in the equity space, one of the largest percentage drops since the 2008 GFC, has put the onus back on the major central banks to come to the market's assistance by cutting rates and boosting liquidity. If this happens, the real question is whether this will work as existing monetary policy has seemingly run out of magic bullets.
- Has the sell-off started to turn a corner? Speculation is that central banks could now be ready to intervene to mitigate the impact of a spreading Coronavirus. Fed chair Powell noted on Friday that the virus "poses evolving risks to economic activity". Some might suggest the "Powell put" is ready to kick in again. There was something of a capitulation feel to Friday's session. Gold seemingly inexplicably fell over -3% at a time where conventional wisdom would believe the market should be moving higher.
- The spread of the corona-virus beyond China has alarmed global financial markets, as it has opened up a new global dimension to the epidemic and potential for a sharp economic drag from efforts to contain it. We expect the economic expansion to remain intact, albeit on a lower track than we had previously anticipated. We see a sharp rebound once potential disruptions dissipate, yet the unknown depth and duration of the shock add material downside risks. As a result, we have pulled back our moderately pro-risk stance to a neutral stance. Global markets have been gripped by fears over the impact of the epidemic.
- Spending on U.S. construction projects surged 1.8% in January at an annual rate of \$1.37 trillion, the Commerce Department said Monday. Economists polled by MarketWatch had expected growth of 0.9%. Residential construction outlays climbed 2% in January, as lower interest rates have given a boost to home sales and home builders. Warmer weather also helped. Investment in nonresidential projects rose 1.6% and spending on public construction projects rose 2.6%. In December, construction spending was revised up to show a 0.2% increase instead of a 0.2% decline as previously reported.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
G7 Meetings				HIGH
Consumer Confidence	JPY	38.4	39.1	MEDIUM
CPI Flash Estimate y/y	EUR	1.4%	1.4%	HIGH
PPI m/m	EUR	0.5%	0.0%	MEDIUM
Construction PMI	GBP	49.0	48.4	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	72.88	72.75	72.60	73.00	73.10	Sideways
EURINR FUTURE	80.88	80.70	80.50	81.05	81.25	BULLISH
GBPINR FUTURE	93.11	92.90	92.70	93.30	93.50	Sideways
JPYINR FUTURE	67.73	67.60	67.45	67.85	68.00	Sideways

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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