

KEY HEADLINES:

- Both houses of Congress were preparing to take the first steps forward on U.S. President Joe Biden's \$1.9 trillion COVID-19 relief package, with initial votes on Tuesday launching efforts to fast-track passage. A fiscal 2021 budget measure, with coronavirus aid spending instructions, was headed for preliminary votes that would help unlock a legislative tool needed for Democrats to enact Biden's package swiftly in the face of Republican opposition. Republicans have pushed back on Biden's \$1.9 trillion price tag, which follows \$4 trillion in COVID-19 aid last year.
- Yet, as long as the re-opening of economies remains on track from 2Q – which we still believe to be the case – volatility should give way to a resumption of the dollar bear trend later this year. Having fallen 14% from its highs in March last year, broader trade-weighted measures of the dollar registered a 2% recovery in January. Driving this so far modest correction has been a mixture of rising US Treasury yields and more recently stalling/correcting commodity and equity markets – as confidence in the 2H synchronised recovery wanes.
- The US Dollar Index continues to see strength, coming off the back of weakness in the EURUSD, GBPUSD and USDJPY pairs. Weakness in silver on Tuesday is also fuelling demand on the greenback. The performance of the USD Index is surprising. Global stocks, crude oil and other risky assets are all bullish, and the latest moves on additional stimulus from US Democrats are all factors that should cause a weakening on the US Dollar. Perhaps, the stellar ISM Manufacturing Index data and weakness in the Euro, Pound, Peso and other currencies that are paired with the greenback may have a hand in the bullishness of the DXY.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Final Services PMI	EUR	45.0	45.0	MEDIUM
Final Services PMI	GBP	38.8	38.8	MEDIUM
Final Services PMI	USD	57.4	57.5	MEDIUM
ISM Services PMI	USD	56.7	57.2	MEDIUM
Crude Oil Inventories	USD	-0.6M	-9.9M	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	73.21	73.05	72.75	73.35	73.65	BEARISH
EURINR FUTURE	88.16	87.95	87.55	88.35	88.75	BEARISH
GBPINR FUTURE	100.08	99.85	99.30	100.35	100.90	BEARISH
JPYINR FUTURE	69.77	69.55	69.15	69.95	70.40	BEARISH

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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