

KEY HEADLINES:

- Despite broadening lockdowns, the recovery trade in FX markets is in full swing and the dollar bear trend is showing no signs of slowing. Trying to time a correction is tricky and instead, we are focusing on lowering our end-year dollar forecasts. The short-term outlook: Dollar downgrade New Year early trading sessions have witnessed an extension of the FX trend we've seen since early November, namely a broad dollar decline. The central drivers here remain global recovery hopes backed by deeply negative US real rates.
- The number of Americans filing first-time claims for jobless benefits unexpectedly dipped last week while staying extremely high, with the labor market recovery appearing to stall as a raging COVID-19 pandemic threatens to overwhelm the country. Other data on Thursday showed layoffs announced by U.S. companies surged 18.9% in December. Still, the economy is unlikely to slide back into recession after the government approved additional pandemic relief in late December. More fiscal stimulus is likely.
- Japan has declared a second State of Emergency for Tokyo and 10 surrounding areas, which will last 1 month, amid a surge in coronavirus cases in the nation's capital. Although Tokyo isn't heading into full lockdown mode, the capital city has set curfews at restaurants and bars and will limit capacity at large events to 5,000 people. As a result, the Ministry of Finance, Bank of Japan, and Japan's Financial Services Agency met to ensure the stability of the Yen and remind everyone that they are "vigilant" of exchange rates.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Average Hourly Earnings m/m	USD	0.2%	0.3%	HIGH
Non-Farm Employment Change	USD	69K	245K	HIGH
Unemployment Rate	USD	6.8%	6.7%	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	73.54	73.40	73.10	73.70	74.00	BEARISH
EURINR FUTURE	90.10	89.90	89.50	90.30	90.70	BEARISH
GBPINR FUTURE	99.78	99.50	99.00	100.00	100.50	BEARISH
JPYINR FUTURE	70.93	70.75	70.35	71.15	71.55	BEARISH

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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SEBI Regn. No.: INZ000212137

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