

KEY HEADLINES:

- U.S. producer prices unexpectedly fell in September, leading to the smallest annual increase in nearly three years, likely giving the Federal Reserve further room to cut interest rates for the third time this year in October. The weak producer inflation readings reported by the Labor Department on Tuesday came against the backdrop of a slowing economy amid trade tensions and cooling growth overseas. The Trump administration's 15-month trade war with China has eroded business investment and pushed manufacturing into recession. Economists say the broad weakness in producer inflation was a reflection of the downturn in the factory sector.
- The British pound nursed losses on Wednesday, after hitting a one-month low on reports that Brexit talks between Britain and the European Union were close to breaking down, while the dollar weakened slightly on rising trade tensions. In a telephone call on Tuesday, German Chancellor Angela Merkel told British Prime Minister Boris Johnson that a deal was "overwhelmingly unlikely," a Downing Street source said. leaves the outcome on Oct. 31, when Britain is due to quit the EU, deeply uncertain, and the pound dropped half a percent to its lowest since early September. It recouped a fraction of the fall in Asian trade to hold at \$1.2217.
- The U.S. Treasury Department and Internal Revenue Service proposed guidance on Tuesday to help taxpayers avoid "negative consequences" as U.S. banks switch from the tainted London Interbank Offered Rate (Libor) to other benchmarks. A host of debt, derivatives and other financial contracts are shifting away from Libor after widespread attempts by banks to rig the 50-year-old benchmark across several currencies prompted regulators to call for an end to using it by the end of 2021. The shift could have tax implications that affect financial contracts worth more than \$300 trillion globally, from complex derivatives to home loans and credit cards.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
JOLTs Job Openings (Aug)	USD	7.191M	7.217M	HIGH
Crude Oil Inventories	USD	1.413M	3.100M	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.17	71.00	70.85	71.35	71.50	BULLISH
EURINR FUTURE	78.30	78.10	77.95	78.50	78.65	BULLISH
GBPINR FUTURE	87.77	87.50	87.30	88.00	88.20	Sideways
JPYINR FUTURE	66.67	66.45	66.30	66.90	67.05	Sideways

RESEARCH BONANZA FOREIGN CURRENCY SEGMENT

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