

KEY HEADLINES:

- The Federal Reserve Board said that the coronavirus outbreak presented a “new risk” to the economic outlook for the U.S. and warned of disruptions in global markets. “Because of the size of the Chinese economy, significant distress in China could spill over to U.S. and global markets through a retrenchment of risk appetite, U.S. dollar appreciation, and declines in trade and commodity prices,” the U.S. central bank wrote in its semi-annual report to Congress released on Friday in Washington. “The effects of the coronavirus in China have presented a new risk to the outlook.”
- Evercore ISI Chairman Ed Hyman said he sees no economic growth in China in the first quarter due to the deadly coronavirus. The market pullback Friday “is still a worry about the virus,” Hyman said on CNBC’s “Squawk on the Street.” “Our team has GDP growth at zero for the first quarter ... China is really slowing and that’s worrying people for sure.” Hyman, who has been ranked the top economist in Institutional Investor’s annual poll for more than three decades, said the fast-spreading virus will not have much of an impact on the U.S. economy. “We are so solid,” Hyman said.
- It’s been a busy morning already after the release of a really strong Non-Farm Payrolls report for the month of January. As recapped by our own Austin Sealey earlier this morning, January NFP’s printed at +225k versus the expectation for +160k. Average Hourly Earnings came in at 3.1% versus the 3% expectation; and the unemployment rate ticked-up slightly due to greater labor force participation, printing at 3.6% versus the multi-decade lows of 3.5% from last month. The net response so far has been USD-weakness as US equities have gapped-down.
- The initial moves of a recovery in risk appetite have shown signs of stalling in the past 24 hours. Perhaps it is simply down to consolidation ahead of today’s Non-farm Payrolls data, but the momentum of the recovery from earlier this week has lost its impetus. This comes as consolidation begins to set in on bond yields (a slight renewed flattening of the US yield curve since Wednesday’s close) and safe have assets such as the yen and gold begin to find their feet again. The narrative on the Coronavirus has not changed.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Economy Watchers Sentiment	JPY	39.2	39.8	MEDIUM
Italian Industrial Production m/m	EUR		0.1%	MEDIUM
Sentix Investor Confidence	EUR	6.1	7.6	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.52	71.30	71.15	71.75	71.90	Sideways
EURINR FUTURE	78.47	78.25	78.00	78.75	79.00	Sideways
GBPINR FUTURE	92.55	92.25	92.00	92.70	93.00	Sideways
JPYINR FUTURE	65.21	65.00	64.85	65.40	65.55	Sideways

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FOREIGN CURRENCY SEGMENT

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