

KEY HEADLINES:

- The U.S. dollar and Japanese yen were in demand on Tuesday, along with the bonds of both countries, as worries about the spread of coronavirus had investors heading for safe harbors. The World Health Organization said overnight that the spread of cases among people who have not been to China could be “the spark that becomes a bigger fire”. Coronavirus has killed 1,016 people in mainland China, Chinese health officials said on Monday, though they also reported a drop in the number of daily new cases.
- EURUSD met strong resistance near the broken ascending trendline at the end of January and changed direction to the downside, violating its uptrend off 1.0878 and diving to a four-month low of 1.0940 early on Monday. From a technical perspective, the short-term bias remains negative since all indicators are still located in the bearish area. Yet, the odds for an upside correction are increasing as the RSI and the Stochastics approach oversold levels. Should an upside reversal happen, the bulls would try to close above 1.1000, which is marginally below the 23.6% Fibonacci of the downleg from 1.1447 to 1.0878.
- The total value of building permits issued by Canadian municipalities increased 7.4% to \$8.7 billion in December. Increases were reported in five provinces, led by Ontario (+10.5% to \$3.4 billion) and Quebec (+15.8% to \$2.2 billion). For 2019 overall, municipalities issued \$102.4 billion worth of permits, up 2.6% compared with 2018. For more information on housing, please visit the Housing Statistics Portal. The total value of building permits issued by Canadian municipalities increased 7.4% to \$8.7 billion in December.
- The coronavirus outbreak could trim China’s full-year economic growth rate by as much as 1 percentage point in 2020, a senior member of a Chinese government think tank said in comments published on Tuesday. Zeng Gang, vice chair of the National Institute for Finance and Development, compared the current crisis with the SARS epidemic of 2003, when China’s growth declined by about 2 percentage points in a single quarter. “The impact of this epidemic on the economy in the first quarter is expected to be comparable,” Zeng said in a commentary published in the 21st Century Business Herald newspaper.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Prelim GDP q/q	GBP	0.0%	0.4%	HIGH
GDP m/m	GBP	0.2%	-0.3%	MEDIUM
Manufacturing Production m/m	GBP	0.5%	-1.7%	MEDIUM
JOLTs Job Openings	USD	6.93M	6.80M	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.42	71.30	71.15	71.55	71.65	BEARISH
EURINR FUTURE	78.31	78.10	77.90	78.50	78.70	Sideways
GBPINR FUTURE	92.40	92.25	92.00	92.60	92.80	Sideways
JPYINR FUTURE	65.13	65.00	64.85	65.35	65.50	BEARISH

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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