

KEY HEADLINES:

- The dollar dipped slightly on Monday as traders awaited highly anticipated U.S. inflation and retail sales data in coming days, and as the Treasury Department saw solid demand for new sales of three-year and 10-year notes.
- The dollar has rebounded this year as U.S. Treasury yields rise on expectations of faster economic growth and higher inflation.
- U.S. consumer price data for March due on Tuesday is a major economic focus. Investors are betting that price pressures will increase due to increased fiscal and monetary stimulus and as businesses reopen from COVID-19 related closures. Comparisons with last year are also likely to be strong, due to a drop in inflation a year ago when businesses closed due to the spread of the virus. As Expected if data comes strong then Dollar rally likely to continue. Retail sales data for March is due on Thursday.
- The dollar index =USD fell 0.04% against a basket of currencies to 92.164. It is holding above a three-week low of 91.995 reached on Thursday. The euro EUR=EBS was little changed on the day at \$1.1900.
- Federal Reserve Chairman Jerome Powell said on Sunday that the U.S. economy was at "an inflection point" and looked set for a strong rebound in the coming months, but he also warned of risks stemming from a hasty reopening. Fed President Eric Rosengren also said on Monday that the U.S. economy could see a significant rebound this year thanks to accommodative monetary and fiscal policy, though the labor market still has much room for improvement.
- U.S. dollar net short positions have fallen to their lowest in nearly three years, according to data published on Friday. analysts noted that speculators had cut their net short dollar positions for the 12th consecutive week, which could prove a headwind for further dollar gains.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Trade Balance	CNY	330B	676B	MEDIUM
CPI m/m	USD	0.5%	0.4%	HIGH
Core CPI m/m	USD	0.2%	0.1%	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	75.21	74.80	74.35	75.50	76.15	BULLISH
EURINR FUTURE	89.57	89	88.25	89.65	90	BULLISH
GBPINR FUTURE	103.47	102.50	101.75	103.5	104	BULLISH
JPYINR FUTURE	68.80	68.35	67.80	68.90	69.40	BULLISH

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Disclosure:

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SEBI Regn. No.: INZ000212137

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