

KEY HEADLINES:

- The New Zealand Dollar gained initially on Tuesday but it then sank as the Reserve Bank of New Zealand left borrowing costs on hold at record lows, as expected and expanded the scope of its Quantitative Easing program to try and mitigate the coronavirus' effects. It also said that it expects to see interest rates decline still further, raising the possibility of negative rates. The central bank got its traditional remedial monetary policy action in early, slashing the Official Cash Rate three-quarters of a percentage point to a new record low of 0.25% back in March.
- It has been quite a chop feast in FX of late as investors keep a close eye on developments in risk assets for direction, amid the coronavirus-related uncertainty. So, today's breakout in the EUR/GBP cross is a welcome break – at least for traders in this pair anyway. Take a look at the chart first: The EUR/GBP has been consolidating after mean reverting back to the 200-day average between March and April. Here, it was also testing old resistance in the 0.8680-0.8730 area.
- The dollar fell on Tuesday as the mood turned cautious a day ahead of Federal Reserve Chairman Jerome Powell's speech on economic issues and as investors weighed the chances of negative U.S. interest rates. The dollar was not necessarily being driven by safe-haven factors, analysts said, given that U.S. stocks were down and Treasury prices were higher on the day. "The dollar is still trading within broad ranges and its weakness today could be due to caution ahead of Powell's speech tomorrow and especially given the current talk about negative interest rates," said Joe Manimbo, senior market analyst at Western Union Business Solutions in Washington.

Economic Indicators to be released.

| Indicator | Currency | Forecast | Previous | Impact |
|------------------------------|----------|----------|----------|--------|
| Prelim GDP q/q | GBP | -2.6% | 0.0% | HIGH |
| GDP m/m | GBP | -7.9% | -0.1% | HIGH |
| Manufacturing Production m/m | GBP | -6.0% | 0.5% | HIGH |
| Core PPI m/m | USD | -0.1% | 0.2% | HIGH |
| PPI m/m | USD | -0.5% | -0.2% | HIGH |
| Crude Oil Inventories | USD | 4.1M | 4.6M | MEDIUM |
| | | | | |
| | | | | |

Support Resistance Levels – Currency Future:

| Currency | LTP | S1 | S2 | R1 | R2 | Trend |
|------------------|-------|-------|-------|-------|-------|---------|
| USDINR FUTURE | 75.38 | 75.20 | 74.90 | 75.60 | 75.90 | BEARISH |
| EURINR FUTURE | 81.72 | 81.45 | 81.00 | 82.00 | 82.40 | BEARISH |
| GBPINR FUTURE | 93.19 | 93.00 | 92.50 | 93.50 | 94.00 | BEARISH |
| JPYINR FUTURE | 70.17 | 70.00 | 69.65 | 70.40 | 70.70 | BEARISH |

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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