KEY HEADLINES:

➢ The yen was pinned near a six-week low versus the dollar as signs the United States and China were narrowing their differences over trade ahead of key talks decreased demand for safe haven assets. The euro held steady versus the dollar in Asia after swinging wildly on Thursday following the European Central Bank's surprise decision to resume government debt purchases from November to support a flagging economy. In the very short-term, guarded optimism about a resolution to the U.S.-China trade war should continue to push Treasury yields higher and weigh on safe-haven currencies.

➢ The U.S. government posted a $200 billion budget deficit in August, bringing the fiscal year-to-date deficit past $1 trillion, according to data released on Thursday by the Treasury Department. Analysts polled by Reuters had expected a $195 billion deficit for the month. The Treasury said federal spending in August was $428 billion, down 1% from the same month in 2018, while receipts were $228 billion, an increase of 4% compared with August 2018. The deficit for the fiscal year to date was $1.067 trillion, compared with $898 billion in the comparable period the year earlier.

➢ The euro gained against the dollar on Thursday after the European Central Bank launched new stimulus but failed to live up to some dovish market expectations. The ECB cut its deposit rate to a record low -0.5% from -0.4% and will restart bond purchases of 20 billion euros a month from November. It also said it expects bond purchases to run for as long as necessary and end shortly before it starts raising the key ECB interest rates. got a little bit of everything, but when all was said and done I think markets were expecting the bazooka to come out, and we definitely didn't get the bazooka," said Win Thin, global head of currency strategy at Brown Brothers Harriman in New York.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Industrial Production (MoM) (Jul)	JPY	1.3%	-3.3%	MEDIUM
Core Retail Sales (MoM) (Aug)	USD	0.1%	1.0%	HIGH
Retail Sales (MoM) (Aug)	USD	0.2%	0.7%	HIGH
Michigan Consumer Expectations (Sep)	USD	82.0	79.9	MEDIUM
Michigan Consumer Sentiment (Sep)	USD	90.9	89.8	MEDIUM
U.S. Baker Hughes Oil Rig Count	USD		738	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.28	71.05	70.90	71.50	71.65	BEARISH
EURINR FUTURE	78.68	78.40	78.20	79.00	79.20	BEARISH
GBPINR FUTURE	87.88	87.60	87.40	88.20	88.40	BEARISH
JPYINR FUTURE	66.14	65.95	65.80	66.35	66.50	BEARISH

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