

KEY HEADLINES:

- The German economy is unlikely to slide into a prolonged recession even as it languishes in a weak growth cycle, the Economy Ministry said on Monday. The German economy is expected to contract slightly in the third quarter as it did in the April-June period as exports weaken on uncertainties linked to Britain's planned departure from the European Union as well as trade conflicts. The technical recession expected in the third quarter will come after nine successive years of growth, fueled by an export boom mainly to China and more recently a consumption-driven cycle supported by low interest rates in the euro zone.
- The dollar hovered below 2-1/2-month highs against the yen on Tuesday, failing to extend recent gains as optimism over trade negotiations between the world's two largest economies and for an orderly British exit from the European Union started to fade. In early Asian trade, the dollar was steady at 108.35 against the yen, still not far from its 2-1/2-month high of 108.63 yen marked on Friday. The euro also stood flat at \$1.1026 versus the greenback, off Friday's three-week high of \$1.1062. Although markets initially welcomed the "Phase 1" trade deal between the United States and China that President Donald Trump outlined last week, a lack of details kept many investors cautious.
- China's factory gate prices declined at the fastest pace in more than three years in September, reinforcing the case for Beijing to unveil further stimulus as manufacturing cools on weak demand and U.S. trade pressures. September's producer price index (PPI), considered a key barometer for corporate profitability, dropped 1.2% year-on-year, National Bureau of Statistics (NBS) data showed on Tuesday. It marked the steepest factory price decline since July 2016 but matched forecasts in a Reuters survey of analysts.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
French CPI (MoM) (Sep)	EUR	-0.3%	0.5%	MEDIUM
Average Earnings Index + Bonus (Aug)	GBP	4.0%	4.0%	HIGH
Claimant Count Change (Sep)	GBP	26.5K	28.2K	HIGH
Unemployment Rate (Aug)	GBP	3.8%	3.8%	MEDIUM
German ZEW Economic Sentiment (Oct)	EUR	-27.0	-22.5	HIGH
ZEW Economic Sentiment (Oct)	EUR	-33.0	-22.4	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.28	71.15	70.97	71.46	71.64	BULLISH
EURINR FUTURE	78.68	78.45	78.28	78.90	79.35	BULLISH
GBPINR FUTURE	89.49	89.22	88.91	89.78	90.06	BULLISH
JPYINR FUTURE	65.93	65.78	65.62	66.10	66.25	BULLISH

RESEARCH BONANZA FOREIGN CURRENCY SEGMENT

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