

KEY HEADLINES:

- The dollar extended losses in early trading in Europe Friday, as higher-yielding currencies advanced on hopes of at least a temporary truce to the U.S.-China trade war. President Donald Trump downplayed a Bloomberg report that his administration was preparing to do a temporary deal with China, potentially rolling back some of the import tariffs recently imposed on Chinese goods. “Well, it’s something that people talk about,” Trump told reporters en route to an event late Thursday. “I’d rather get the whole deal done,” The dollar index, which tracks the greenback against a basket of currencies, fell to its lowest in over a week in early trading and by 3:30 AM ET (0730 GMT) was at 98.07, down 0.2% from late Thursday.
- Europe's largest economy is not facing a bigger downturn or a pronounced recession after contracting slightly in the second quarter but there are no signs of a turnaround yet either, the German Economy Ministry said on Friday. The German economy contracted by 0.1% quarter-on-quarter in the April-June period and some weak data since then has fueled concerns that the economy could slip into recession in the July-September period. Economists generally define a technical recession as at least two consecutive quarters of contraction. This week several institutes said the economy would slide into recession in the third quarter.
- The yen was pinned near a six-week low versus the dollar on Friday as signs the United States and China were narrowing their differences over trade ahead of key talks decreased demand for safe haven assets. That nudged the yuan up to near four-week highs against the U.S. currency in offshore trade, while the euro held steady 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.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
WPI Inflation (YoY) (Aug)	INR	1.04%	1.08%	MEDIUM
NY Empire State Manufacturing Index (Sep)	USD	4.55	4.80	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.05	70.90	70.70	71.35	71.65	BULLISH
EURINR FUTURE	78.93	78.60	78.30	79.30	79.60	BULLISH
GBPINR FUTURE	88.52	88.10	87.70	88.90	89.30	BULLISH
JPYINR FUTURE	65.85	65.60	65.40	66.10	66.40	BULLISH

RESEARCH BONANZA FOREIGN CURRENCY SEGMENT

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