

KEY HEADLINES:

- Investors may take Janet Yellen’s expected endorsement of a market-driven exchange rate as an additional green light for the U.S. currency’s long-term downtrend. The U.S. Treasury Secretary-designate will affirm the U.S.’s commitment to a market-determined dollar value on Tuesday, the Wall Street Journal reported. The comments could fuel speculation authorities will not object to a softer greenback, which earlier this month fell to a two-year low against its major peers.
- According to official national accounts data, China’s economy grew by 2.3% in 2020 – its weakest rate of growth since the end of the Cultural Revolution in 1976. A downward revision to growth in 2019 – to 6.0% (from 6.1% previously) – helped add some additional strength to the full year growth rate. It is worth noting an inconsistency between the annual and quarterly data – with the sum of quarterly growth rates suggesting slightly slower annual growth (at around 1.9%).
- Joe Biden will be sworn in as President of the United States in Wednesday, however this is more likely to be a ceremonious event than a market moving event for traders. There are other events this week that are more likely to influence the US Dollar, one of which is former Fed Chairman Janet Yellen’s confirmation as Treasury Secretary on Tuesday. Senate members are expected to ask her about the administration’s stance on the US Dollar. Although Yellen is expected to not be as aggressive as Trump on supporting a weak US Dollar, she is most likely not going return to the days of a strong dollar policy.

Economic Indicators to be released.

| Indicator | Currency | Forecast | Previous | Impact |
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Support Resistance Levels – Currency Future:

| Currency | LTP | S1 | S2 | R1 | R2 | Trend |
|------------------|-------|-------|-------|-------|--------|----------|
| USDINR FUTURE | 73.34 | 73.20 | 72.90 | 73.50 | 73.80 | Sideways |
| EURINR FUTURE | 88.56 | 88.35 | 87.95 | 88.75 | 89.15 | BULLISH |
| GBPINR FUTURE | 99.37 | 99.10 | 98.60 | 99.60 | 100.10 | BULLISH |
| JPYINR FUTURE | 70.70 | 70.50 | 70.10 | 70.90 | 71.30 | Sideways |

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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