

KEY HEADLINES:

- U.S. homebuilding surged to more than a 12-year high in August as both single- and multi-family housing construction accelerated, suggesting that lower mortgage rates were finally providing a boost to the struggling housing market. The report from the Commerce Department on Wednesday also showed permits for future home construction rose to levels last seen in 2007. Housing and manufacturing have been the weak spots in the economy, which is now in its 11th year of expansion, the longest in history.
- The dollar stood tall on Thursday after the U.S. Federal Reserve cut rates by 25 basis points, as expected, but its chairman signalled a higher bar for future rate cuts. The greenback touched a seven-week high of 108.47 against the Japanese yen and stood just below that in Asian morning trade. It also rose on the Swiss franc, hitting a three-month high, and climbed against other major currencies. The New Zealand dollar briefly jumped 0.2% after June-quarter gross domestic product landed higher than expectations, before being swamped by a rising greenback. The Aussie fell ahead of jobs data due at 0130 GMT. The U.S. central bank, on a 7-3 vote, lowered the Fed funds target rate on Wednesday to a range of 1.75% to 2.00% "in light of the implications of global developments for the economic outlook."
- Italy's new government expects the economy to expand by only about 0.4% next year after eking out 0.1% growth this year, three sources close to the matter told Reuters, underscoring the need for an expansionary 2020 budget. In April, the previous government of the anti-establishment 5-Star Movement and the right-wing League had targeted gross domestic product growth of 0.2% this year and 0.8% in 2020. The new forecasts, which are based on an unchanged policy scenario, will provide the framework for the budget which must be presented to the European Commission next month.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Retail Sales (MoM) (Aug)	GBP	-0.2%	0.2%	HIGH
BoE Interest Rate Decision (Sep)	GBP	0.75%	0.75%	HIGH
Initial Jobless Claims	USD	213K	204K	MEDIUM
Philadelphia Fed Manufacturing Index (Sep)	USD	11.0	16.8	HIGH
Existing Home Sales (Aug)	USD	5.37M	5.42M	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.33	71.10	70.95	71.50	71.65	Sideways
EURINR FUTURE	78.84	78.50	78.30	79.15	79.35	Sideways
GBPINR FUTURE	88.82	88.50	88.30	89.10	89.30	BULLISH
JPYINR FUTURE	65.96	65.75	65.60	66.15	66.30	BULLISH

RESEARCH BONANZA FOREIGN CURRENCY SEGMENT

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