

KEY HEADLINES:

- The dollar dropped on Tuesday as investors prepared for U.S. Treasury Secretary nominee Janet Yellen to talk up the need for major fiscal stimulus and commit to a market-determined exchange rate when she testifies later in the day. The fall in the greenback came after a 2% rise in the dollar so far in 2021, a gain which caught off guard many investors who had betted on a further dollar decline following its weakness in 2020. The dollar has been helped in January by rising U.S. Treasury yields and some investor caution about the strength of the global economy recovery from the coronavirus pandemic.
- It's a big week for the financial markets. The Congressional hearings for Janet Yellen's confirmation as Treasury secretary began today (there's no guidance on how fast the panel will vote on her nomination) and tomorrow, Joe Biden will be sworn in as the 46th President of the United States. There are 3 central bank monetary policy announcements, PMI reports from countries around the world and Australia's labor market report. With less than 24 hours to go before Trump leaves office, investors are optimistic. The rally in equities and currencies shows little concern about violence and punishing policies.
- When it comes to the FX market, traders are often more focused on risk appetite and trends in the global economy than the specific countries underlying each currency. For example, EUR/USD often falls (indicating relative weakness in the euro and strength in the US) after weaker-than-expected US data because traders fear that slowing US growth will eventually spill across the rest of the globe, creating a "risk off" environment where the US dollar's safe haven status will be in demand.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
German PPI m/m	EUR	0.3%	0.2%	MEDIUM
CPI y/y	GBP	0.5%	0.3%	MEDIUM
Final CPI y/y	EUR	-0.3%	-0.3%	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	73.20	73.05	72.75	73.35	73.65	Sideways
EURINR FUTURE	88.81	88.60	88.20	89.00	89.40	BEARISH
GBPINR FUTURE	99.69	99.45	99.00	99.95	100.40	BEARISH
JPYINR FUTURE	70.41	70.20	69.80	70.60	71.00	Sideways

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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