

KEY HEADLINES:

- The U.S. dollar index has been in a steady downtrend since May. It paused after breaking a short-term trend line on January 8, but the bearish pressure continues. The main thing we wanted to highlight today is the overbought condition on stochastics. Each time it's reached this high since March, lower prices have followed. It's also noteworthy that the recent high on Monday of 90.95 was slightly lower than the December 21 high of 91.02. Lower highs are consistent with downtrends.
- The inauguration of the 46th President of the United States went off without a hitch. Equity and currency traders welcomed the new Administration with fresh records for the S&P 500 and Nasdaq. The peaceful transition allowed investors to turn their focus to President Biden's 100 day agenda which includes aggressive promises for more stimulus and broader vaccine distribution – the two most important ingredients for a 2021 recovery. The greenback sold off against all of the major currencies with the exception of euro and Swiss Franc because more spending and a larger fiscal deficit is bearish for the dollar.
- The Euro-to-Dollar exchange rate beat a hasty retreat from earlier highs on Wednesday, leading a rout in Eurozone exchange rates that made Europe's unified unit the worst performing major currency for the session ahead of the latest policy decision from the European Central Bank (ECB). Europe's single currency was trading at 1.2113 on Wednesday and at almost exactly the level that prevailed going into and coming out the other side of December's ECB policy decision which saw the bank announce a €500bn extension to its pandemic-inspired quantitative easing programme.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	73.07	72.90	72.60	73.20	73.50	BEARISH
EURINR FUTURE	88.59	88.40	88.00	88.80	89.20	Sideways
GBPINR FUTURE	100.06	99.80	99.30	100.30	100.80	Sideways
JPYINR FUTURE	70.41	70.20	69.80	70.60	71.00	BEARISH

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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