

KEY HEADLINES:

- Dollar shortages in funding markets outside the United States have been a recurrent feature of the last three major crises, including the turmoil associated with the ongoing Covid-19 pandemic. The Federal Reserve has responded by improving conditions and extending the reach of its network of central bank swap lines, with the aim of channelling US dollars to non-US financial systems. Despite the recurrence of this phenomena, little is known about the macroeconomic consequences of both dollar shortage shocks and central bank swap lines.
- The USD/CAD currency pair on Wednesday extended the current weekly losses to a new 5-week low of about 1.3400 following the latest round of the US and Canadian data. The currency pair made a bearish breakout off a sideways channel on Tuesday to move closer to oversold levels of the 14-hour RSI in the 60-min chart. The currency pair has now dropped several levels below the 100-hour and the 200-hour SMA lines. It also appears to have found strong support around 1.3400.
- Back in January, my column for Marketwatch detailed the massive danger that jumbo mortgages posed for U.S. mortgage and housing markets. After months of actions to counter the impact of COVID 19, the potential jumbo mortgage disaster is clearer than ever. Jumbo mortgages are loans that are larger than the limits set for Fannie Mae, Freddie Mac or the FHA to guarantee or insure. During the craziest years of the housing bubble, 2004 through 2007, close to \$3.1 trillion in jumbos was originated. Most were offered with insanely easy terms, which helped precipitate the collapse that followed.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
German Gfk Consumer Climate	EUR	-4.6	-9.6	MEDIUM
CBI Industrial Order Expectations	GBP	-37	-58	MEDIUM
Unemployment Claims	USD	1300K	1300K	MEDIUM
Consumer Confidence	EUR	-12	-15	MEDIUM
CB Leading Index m/m	USD	2.1%	2.8%	MEDIUM
Natural Gas Storage	USD	37B	45B	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	74.62	74.45	74.15	74.80	75.10	Sideways
EURINR FUTURE	86.30	86.00	85.50	86.60	87.20	BULLISH
GBPINR FUTURE	94.71	94.40	93.90	95.00	95.60	BULLISH
JPYINR FUTURE	69.73	69.50	69.10	69.95	70.30	Sideways

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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