

KEY HEADLINES:

- Retail sales were virtually unchanged at \$51.6 billion in December, after growing 1.1% in November. Higher sales at building material and garden equipment and supplies dealers, as well as food and beverage stores were more than offset by lower sales at motor vehicle and parts dealers and gasoline stations. Sales were up in 7 of 11 subsectors, representing 49% of retail trade. Retail sales in volume terms were unchanged. Retail sales decreased 0.2% in the fourth quarter, after increasing 0.3% in the third quarter. Retail sales volumes were down 0.5%, following a 0.3% increase in the third quarter.
- As we discussed last week, the coronavirus helped to cause an increase in inflation to 5.4% vs 4.9% expected, as much of the inflation was due to higher food prices. Yesterday, China released data suggesting they have been flooding the market with liquidity, trying to keep the economy afloat while also trying to navigate through this natural disaster. New Yuan loans for January increased to CNY 3340B vs CNY 3000B expected and CNY 1140B last. In addition, Total Social Financing for January increased to CNY 5070B vs CNY 4300B expected and CNY 2103B last.
- The USDJPY is on the move again. After months of consolidating, the risk-sensitive pair ripped 250 pips higher this week. Most of those gains occurred on Wednesday when the pair closed higher by 150 pips, clearing that May 6, 2019 gap at 111.10. I wrote about this level several weeks ago. It's no coincidence that Thursday's session carved a low of 111.11 before rocketing higher by another 100+ pips. But instead of talking about trivial details, I want to take a step back today and look at the bigger picture.
- The U.S. government on Friday said it would increase tariffs on aircraft imported from the European Union to 15% from 10%, ratcheting up pressure on Brussels in a nearly 16-year transatlantic dispute over aircraft subsidies. The U.S. Trade Representative's Office said it remained open to reaching a negotiated settlement with the EU on the issue, but could revise its actions if the EU imposed tariffs of its own in connection with a pair of disputes over the subsidies.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
German Ifo Business Climate	EUR	95.0	95.9	HIGH
CB Leading Index m/m	CNY		1.4%	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.66	71.55	71.45	71.75	71.85	Sideways
EURINR FUTURE	77.38	77.25	77.15	77.50	77.60	BULLISH
GBPINR FUTURE	92.24	92.05	91.90	92.50	92.70	BULLISH
JPYINR FUTURE	63.95	63.80	63.70	64.15	64.30	Sideways

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