

## KEY HEADLINES:

- The dollar was modestly higher on Tuesday afternoon after U.S. Federal Reserve chair Jerome Powell pushed back on suggestions that loose monetary policy risked unleashing inflation, while the British pound rose to fresh three-year highs.
- The growing likelihood that Congress will pass President Joe Biden's \$1.9 trillion stimulus plan has stoked fears about a possible spike in inflation. As those expectations have risen, so has the popularity of the so-called reflation trade, which this month has pulled the dollar lower.
- in testimony before the U.S. Senate Banking Committee, Powell said the central bank would keep its policies in place as it focused attention on getting Americans back to work. economy is a long way from our employment and inflation goals, and it is likely to take some time for substantial further progress to be achieved," said Powell.
- The dollar index was last at 90.141, 0.11% higher on the day but off session highs after the post-Powell dip.
- Sterling hit a nearly three-year high of \$1.411 GBP=D3 on Tuesday morning, last up 0.33% on the day, as investors stuck with their bets that a rapid rollout of the COVID-19 vaccine would allow the British economy to reopen over the next few months.
- Elsewhere, the euro weakened 0.07% to \$1.215 and the Japanese yen, the worst performing major currency of 2021, was down 0.20% on the day to 105.27 yen per dollar.
- NZD/USD consolidates close to cycle highs above 0.7300 ahead of RBNZ rate decision.

## Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
RBNZ Monetary Policy Statement	NZD			HIGH
Monetary Policy Report Hearings	GBP			HIGH
Fed Chair Powell Testifies	USD			HIGH
Crude Oil Inventories	USD	-6.5M	-7.3M	HIGH

### Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	72.84	72.60	72.40	73.15	73.35	BEARISH
EURINR FUTURE	88.46	88.30	88.0	88.70	89.0	BEARISH
GBPINR FUTURE	102.31	101.90	101.50	102.35	102.60	BULLISH
JPYINR FUTURE	71.64	71.30	71	72	72.30	SIDEWAYS

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#### Disclosure:

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