

KEY HEADLINES:

- At the start of this year, things seemed to be looking up for the global economy. True, growth had slowed a bit in 2019: from 2.9% to 2.3% in the United States, and from 3.6% to 2.9% globally. Still, there had been no recession, and as recently as January, the International Monetary Fund projected a global growth rebound in 2020. The new coronavirus, COVID-19, has changed all of that. Early predictions about COVID-19's economic impact were reassuring. Similar epidemics – such as the 2003 outbreak of severe acute respiratory syndrome (SARS), another China-born coronavirus – did little damage globally.
- Earlier today, one of the issues we pondered regarding the coronavirus was that USD/JPY was only down 40 pips from the day's highs, while stocks were getting hammered and gold was flying. Where was the "flight to safety"? USD/JPY and stock indices are supposed to move together. As stocks indices move lower, there is a tendency to buy yen. Below is a 240-minute chart of USD/JPY. The green panel below shows the correlation between USD/JPY and the S&P 500. Notice that as USD/JPY began to move higher earlier last week, the correlation began to move lower.
- German business morale rose unexpectedly in February, a survey showed on Monday, easing recession fears in Europe's largest economy which has been losing momentum as its manufacturers struggle with falling exports. The Ifo institute said its business climate index rose to 96.1 after an upwardly revised 96.0 in January. The February reading compared with a Reuters consensus forecast for a fall to 95.3. "The German economy seems unaffected by developments surrounding the coronavirus," Ifo President Clemens Fuest said in a statement, sticking to a first-quarter growth forecast of 0.2%.
- The U.S. stock market's sharp sell-off on Monday came after coronavirus cases increased outside of China, but there were several other factors that may have helped send stocks downward. The Dow Jones Industrial Average and the S&P 500 both fell more than 3% on the day, with travel stocks and those with heavy reliance on supply chains in China and South Korea, such as Apple, falling more than the broader market. Strategists and technical analysts pointed to other signals in the market that helped fuel a sell-off that the outbreak had failed to trigger so far.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
German Final GDP q/q	EUR	0.0%	0.0%	MEDIUM
CBI Realized Sales	GBP	4	0	MEDIUM
HPI m/m	USD	0.4%	0.2%	MEDIUM
CB Consumer Confidence	USD	132.6	131.6	HIGH
Richmond Manufacturing Index	USD	10	20	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.99	71.90	71.80	72.15	72.25	BULLISH
EURINR FUTURE	77.91	77.75	77.60	78.10	78.30	BULLISH
GBPINR FUTURE	92.86	92.70	92.55	93.00	93.20	BULLISH
JPYINR FUTURE	64.71	64.50	64.35	64.90	65.10	BULLISH

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Disclosure:

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