

KEY HEADLINES:

- The dollar held gains against the yen on Thursday as growing fears that a coronavirus outbreak is turning into a pandemic boosted demand for the safety of U.S. Treasuries. The dollar also traded near a three-month high versus the pound due to worries Britain's trade talks with the European Union were stalling and dashed expectations for big fiscal spending. The euro, however, held up against the greenback's wider advance as traders eyed reports that Germany's finance ministry is considering easing fiscal spending restrictions to boost its flagging economy.
- With COVID-19 spreading internationally, there has been a marked change in the outlook on financial markets in the past week. Traders are taking a view and that view is to sell risk. Last week, the concerns were around how Japan would be negatively impacted. Now, with comments from US health officials, noting "this could be bad", the spread of the virus reaching the US in any significant way could be the next trigger signal to look out for. Already expectations of a Fed rate cut are being hauled forward and are now at a probability of around 65% for a cut in the meeting at the end of April.
- Germany's Finance Minister Olaf Scholz has finally admitted economic reality and announced a temporary suspension of the country's infamous debt brake — known as the Schwarze Null (Black Zero) rule, which insists on a budget balanced between fiscal spending and tax receipts. This stricture has dominated not just German but all of Europe's budgetary discussions for a decade. The Germans would never say so, but Wednesday's move may well become one of those emergency temporary measures that ends up permanent.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Spanish Flash CPI y/y	EUR	0.8%	1.1%	MEDIUM
Core Durables Goods Orders m/m	USD	0.2%	-0.1%	HIGH
Prelim GDP q/q	USD	2.1%	2.1%	HIGH
Unemployment Claims	USD	211K	210K	MEDIUM
Pending Home Sales m/m	USD	2.8%	-4.9%	HIGH
Natural Gas Storage	USD	-158B	-151B	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.88	71.75	71.65	72.00	72.10	Sideways
EURINR FUTURE	78.42	78.25	78.10	78.60	78.75	Sideways
GBPINR FUTURE	93.04	92.85	92.70	93.20	93.35	Sideways
JPYINR FUTURE	65.17	65.05	64.90	65.30	65.40	Sideways

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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