

DATE: 02-03-2020

KEY HEADLINE

- Ed Hyman, a widely followed economist on Wall Street, said the coronavirus outbreak could end up causing a recession in the U.S. and slashed his U.S. GDP forecast to zero growth in the second and third quarters of this year "More cases are showing up in the U.S. and seem likely to be just the start," Hyman said in his note titled, "U.S. Virus 'Recession'" on Sunday. "Scope, severity, and duration are uncertain. How much it changes behavior in the U.S. is uncertain." A fall in GDP in two consecutive quarters typically defines a recession.
- The sell-off of risk assets is ramping up. With Wall Street over -4% lower last night, the Dow saw its largest points decline since 2008. The futures for today's session, show that the selling pressure has not abated quite yet either. Fear continues to spread through markets. The VIX Index of S&P 500 options volatility has spiked to its highest level since January 2018. The flood gates have also opened on US Treasury yields, which is seeing the US 10 year yield plunging to all time lows. The safety of US debt is the place to be right now. One interesting casualty right now has been the US dollar.
- Purchasing Managers' Indices (PMIs) are a tally of how executives see their own company – whether business activity at their company rose or fell compared to the prior month, whether new orders rose or fell, whether they added or shed staff, etc. Executives and their companies remain unnamed. A value above 50 means expansion; a value below 50 means contraction. PMIs are an early indication of business conditions – and by extension, of the economy. And in China, both, the PMI for the non-manufacturing sector and the PMI for the manufacturing sector, released on March 1, have collapsed to unfathomable lows, showing to what extent the measures to impede the spread of the coronavirus have shut down the economy.
- Dr. Anthony Fauci - the director of the National Institute of Allergy and Infectious Diseases (who Joe Biden falsely claimed was being 'muzzled'), said on Sunday that "community spread" of the new coronavirus in which cases cannot be directly traced to anyone are becoming more common throughout the United States. As Fox News notes, the term "community spread" is defined as an infection with an unknown origin, or 'index case,' as opposed to most of the early coronavirus cases which could be clearly traced from travel or contact with known patients. According to Fauci, this comes as no surprise.

Currency pair

| Currencies | 28/02/2020 | 20/02/2020 | Change (%) |
|------------|------------|------------|------------|
| USDINR | 72.40 | 71.66 | 1.03 |
| EURINR | 79.94 | 77.38 | 3.31 |
| GBPINR | 93.34 | 92.24 | 1.19 |
| JPYINR | 66.67 | 63.95 | 4.25 |

USDINR



Technical Outlook–

- On the Weekly Chart, rectangle pattern breakout is seen.
- Indicator RSI (14) will remain above 50 on Weekly Chart.
- The near term trend shows breakout from 72.50 levels with 71.00 acting as support zone.

View: Strong Buy with a strict stop loss near 71 on closing basis

Support-Resistance

| LTP | S1 | S2 | R1 | R2 |
|-------|-------|-------|-------|-------|
| 72.40 | 71.75 | 71.00 | 73.25 | 74.00 |

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EURINR



Technical Outlook–

- On the Weekly Chart, green candle has shown recovery from its 3 week low.
- The momentum oscillator RSI (14) will move above 50 on weekly chart.
- The near term trend shows bullish Signals; going forwards it might move towards 80.75 and above.

View: Strong Buy with a stop loss near 79.50 on closing basis

Support-Resistance

| LTP | S1 | S2 | R1 | R2 |
|-------|-------|-------|-------|-------|
| 79.94 | 79.00 | 78.25 | 81.00 | 82.00 |

GBPINR



Technical Outlook–

- On the Weekly chart, a green candle is formed.
- The momentum oscillator RSI (14) will remain near 50.
- The short term trend looks towards consolidation; going forwards any drop below 91.75 could see prices drop further to 90.50 levels.

View: Sideways movement with 92.00 acting as a support level and 94.50 acting as a resistance level

Support-Resistance

| LTP | S1 | S2 | R1 | R2 |
|-------|-------|-------|-------|-------|
| 93.34 | 92.25 | 91.50 | 94.50 | 95.50 |

JPYINR



Technical Outlook–

- On the Weekly chart, a falling channel breakout is formed
- The momentum oscillator RSI (14) will remain above 50
- The near term trend shows bullish signals; going forwards any move below 64 could see new drop till 63 levels.

View: Buy with a stop loss near 65.50 on closing basis

Support-Resistance

| LTP | S1 | S2 | R1 | R2 |
|-------|-------|-------|-------|-------|
| 66.67 | 66.00 | 65.25 | 67.25 | 68.00 |

Most Important Event in the This Week:

| Date | Currency | Event | Forecast | Previous |
|------------|----------|--------------------------------|----------|----------|
| 02/03/2020 | GBP | Final Manufacturing PMI | | 51.9 |
| 02/03/2020 | USD | ISM Manufacturing PMI | | 50.9 |
| 03/03/2020 | EUR | CPI Flash Estimate y/y | | 1.4% |
| 04/03/2020 | CNY | Caixin Services PMI | | 51.8 |
| 04/03/2020 | GBP | Final Services PMI | | 53.3 |
| 04/03/2020 | USD | ADP Non-Farm Employment Change | | 291K |
| 04/03/2020 | USD | ISM Non-Manufacturing PMI | | 55.5 |
| 04/03/2020 | USD | Crude Oil Inventories | | 0.5M |
| 05/03/2020 | | OPEC Meetings | | |
| 06/03/2020 | | OPEC-JMMC Meetings | | |
| 06/03/2020 | USD | Average Hourly Earnings m/m | | 0.2% |
| 06/03/2020 | USD | Non-Farm Employment Change | | 225K |
| 06/03/2020 | USD | Unemployment Rate | | 3.6% |
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FOREIGN CURRENCY SEGMENT

OUTLOOK BY: Analyst Miss Priyanka Shrimankar

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