

DATE: 06-01-2020

## KEY HEADLINE

- Needs less to say, the USD had a terrible December in line with its seasonal tendency. Yet prices are undergoing a much-needed correction after such a volatile move. The question now becomes as to whether it will provide bears another entry point at a higher-prices, or can it perform a complete reversal? Given the Fed continue to inflate their balance sheet, we suspect dollar gains are merely corrective at this stage. USD/CHF: A bearish engulfing month was confirmed for the Swissy, although our forward returns analysis showed the following month has a positive expectancy.
- U.S. crude oil refinery inputs averaged 17.3 million barrels per day during the week ending December 27, 2019, which was 303,000 barrels per day more than the previous week's average. Refineries operated at 94.5% of their operable capacity last week. Gasoline production decreased last week, averaging 10.2 million barrels per day. Distillate fuel production decreased last week, averaging 5.3 million barrels per day. U.S. crude oil imports averaged 6.4 million barrels per day last week, down by 457,000 barrels per day from the previous week.
- Escalating tension between the US and Iran has seen ICE Brent rallying more than 4%, following a US airstrike which killed a key Iranian commander in Baghdad. The strength we have seen in the oil market is more a reflection of the uncertainty about what happens next between Iran and the US, rather than a change in oil fundamentals. Iran's supreme leader has vowed "severe retaliation" for the attack, and until it becomes clearer how the Iranians will respond, the oil market is likely to continue pricing in some form of risk premium.
- Markets will get back into full gear next week as traders return from their festive breaks and the economic data start rolling again. The spotlight will be on the nonfarm payrolls report in the United States, but key indicators out of the Eurozone, China, Canada and Japan should also attract attention. With the trade optimism setting the market mood at the end of 2019 and the start of 2020, there's a risk the incoming data may not support the brightening picture that many investors have embraced lately, setting the stage for a possible correction.
- USD/CHF drops after the news broke that the key members of Iran have been killed in by the US attack near Baghdad airport. 200-hour EMA, resistance line of immediate rising channel guard adjacent upside. December month low adds to the support. USD/CHF declines to 0.9700 during the early Friday's trading. The quote recently slipped as the Swiss Franc (CHF) strengthened, due to its safe-haven appeal, after the US-Middle East tensions are about to get worst.

## Currency pair

Currencies	03/01/2020	27/12/2019	Change (%)
USDINR	71.96	71.59	0.52
EURINR	80.19	79.93	0.33
GBPINR	94.12	93.66	0.49
JPYINR	66.62	65.45	1.79

# USDINR



## Technical Outlook–

- On the Weekly Chart, a Flag pattern breakout is seen.
- Indicator RSI (14) will move above 50 on Weekly Chart.
- 50EMA and 100EMA will be in bullish crossover.
- The near term trend shows breakout, going forwards it might move towards 71.75 and above.

## Support-Resistance

LTP	S1	S2	R1	R2
71.96	71.25	70.50	72.75	73.50

# EURINR



## Technical Outlook–

- On the Weekly Chart, an Ascending Triangle breakout is formed
- 50EMA and 100 EMA will be in Bullish Crossover
- 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 81.00 and above.

## Support-Resistance

LTP	S1	S2	R1	R2
80.19	79.25	78.50	81.00	82.00

# GBPINR



## Technical Outlook–

- On the Weekly chart, a rising channel is formed.
- 50EMA and 100EMA are showing bullish crossover on the weekly charts.
- The momentum oscillator RSI (14) will remain below 70.
- The short term trend looks towards consolidation ; going forwards 95 would act as a strong resistance.

## Support-Resistance

LTP	S1	S2	R1	R2
94.12	93.25	92.00	95.00	96.00

# JPYINR



## Technical Outlook–

- On the Weekly chart, a falling channel breakout is seen
- 50EMA and 100EMA will be in Bullish crossover.
- The momentum oscillator RSI (14) will move above 50
- The near term trend shows Bullish signal; going forwards it would move towards 65.75 and above.

## Support-Resistance

LTP	S1	S2	R1	R2
66.62	65.80	65.00	67.50	68.25

## Most Important Event in the This Week:

Date	Currency	Event	Forecast	Previous
06/01/2020	CAD	RPMI m/m	1.5%	-1.9%
07/01/2020	EUR	CPI Flash Estimate y/y	1.3%	1.0%
07/01/2020	USD	ISM Non-Manufacturing PMI	54.5	53.9
08/01/2020	AUD	Building Approvals m/m	2.1%	-8.1%
08/01/2020	USD	ADP Non-farm Employment Change	160K	67K
08/01/2020	USD	Crude Oil Inventories		-11.5M
09/01/2020	AUD	Trade Balance	4.10B	4.50B
09/01/2020	CNY	CPI y/y	4.7%	4.5%
10/01/2020	AUD	Retail Sales m/m	0.4%	0.0%
10/01/2020	CNY	New Loans	1250B	1390B
10/01/2020	CAD	Employment Change	31.8K	-71.2K
10/01/2020	CAD	Unemployment Rate	5.8%	5.9%
10/01/2020	USD	Average Hourly Earnings m/m	0.3%	0.2%
10/01/2020	USD	Non-farm Employment Change	150K	266K
10/01/2020	USD	Unemployment Rate	3.5%	3.5%

**RESEARCH BONANZA**

**FOREIGN CURRENCY SEGMENT**

**OUTLOOK BY: Miss Priyanka Shrimankar**

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*Bonanza Portfolio Ltd. Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063 Web site: <https://www.bonanzaonline.com>*

*SEBI Regn. No.: INZ000212137*

*BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836*

*| CDSL: a) 120 33500 |*

*NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186*

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