

DATE: 10-02-2020

## KEY HEADLINE

- The Federal Reserve Board said that the coronavirus outbreak presented a “new risk” to the economic outlook for the U.S. and warned of disruptions in global markets. “Because of the size of the Chinese economy, significant distress in China could spill over to U.S. and global markets through a retrenchment of risk appetite, U.S. dollar appreciation, and declines in trade and commodity prices,” the U.S. central bank wrote in its semi-annual report to Congress released on Friday in Washington. “The effects of the coronavirus in China have presented a new risk to the outlook.”
- Evercore ISI Chairman Ed Hyman said he sees no economic growth in China in the first quarter due to the deadly coronavirus. The market pullback Friday “is still a worry about the virus,” Hyman said on CNBC’s “Squawk on the Street.” “Our team has GDP growth at zero for the first quarter ... China is really slowing and that’s worrying people for sure.” Hyman, who has been ranked the top economist in Institutional Investor’s annual poll for more than three decades, said the fast-spreading virus will not have much of an impact on the U.S. economy. “We are so solid,” Hyman said.
- It’s been a busy morning already after the release of a really strong Non-Farm Payrolls report for the month of January. As recapped by our own Austin Sealey earlier this morning, January NFP’s printed at +225k versus the expectation for +160k. Average Hourly Earnings came in at 3.1% versus the 3% expectation; and the unemployment rate ticked-up slightly due to greater labor force participation, printing at 3.6% versus the multi-decade lows of 3.5% from last month. The net response so far has been USD-weakness as US equities have gapped-down.
- The initial moves of a recovery in risk appetite have shown signs of stalling in the past 24 hours. Perhaps it is simply down to consolidation ahead of today’s Non-farm Payrolls data, but the momentum of the recovery from earlier this week has lost its impetus. This comes as consolidation begins to set in on bond yields (a slight renewed flattening of the US yield curve since Wednesday’s close) and safe have assets such as the yen and gold begin to find their feet again. The narrative on the Coronavirus has not changed.

## Currency pair

Currencies	07/02/2020	31/01/2020	Change (%)
USDINR	71.52	71.56	-0.06
EURINR	78.47	79.07	-0.76
GBPINR	92.55	93.87	-1.41
JPYINR	65.21	65.74	-0.81

# USDINR



## Technical Outlook–

- On the Weekly Chart, an hanging man pattern is formed.
- Pattern shows reversal signs.
- Indicator RSI (14) will remain near 50 on Weekly Chart.
- The near term trend shows consolidation trading between 72.25 as near term resistance and 70.75 acting as near term support.

## Support-Resistance

LTP	S1	S2	R1	R2
<b>71.52</b>	<b>70.75</b>	<b>70.00</b>	<b>72.25</b>	<b>73.00</b>

# EURINR



## Technical Outlook–

- On the Weekly Chart, an Bearish Engulfing Pattern is formed
- 50EMA and 100 EMA will move to bearish Crossover
- The momentum oscillator RSI (14) will remain below 50 on weekly chart.
- The near term trend shows bearish signals; going forwards it might move downwards towards 77.75 and below

## Support-Resistance

LTP	S1	S2	R1	R2
<b>78.47</b>	<b>77.75</b>	<b>76.50</b>	<b>79.25</b>	<b>80.00</b>

# GBPINR



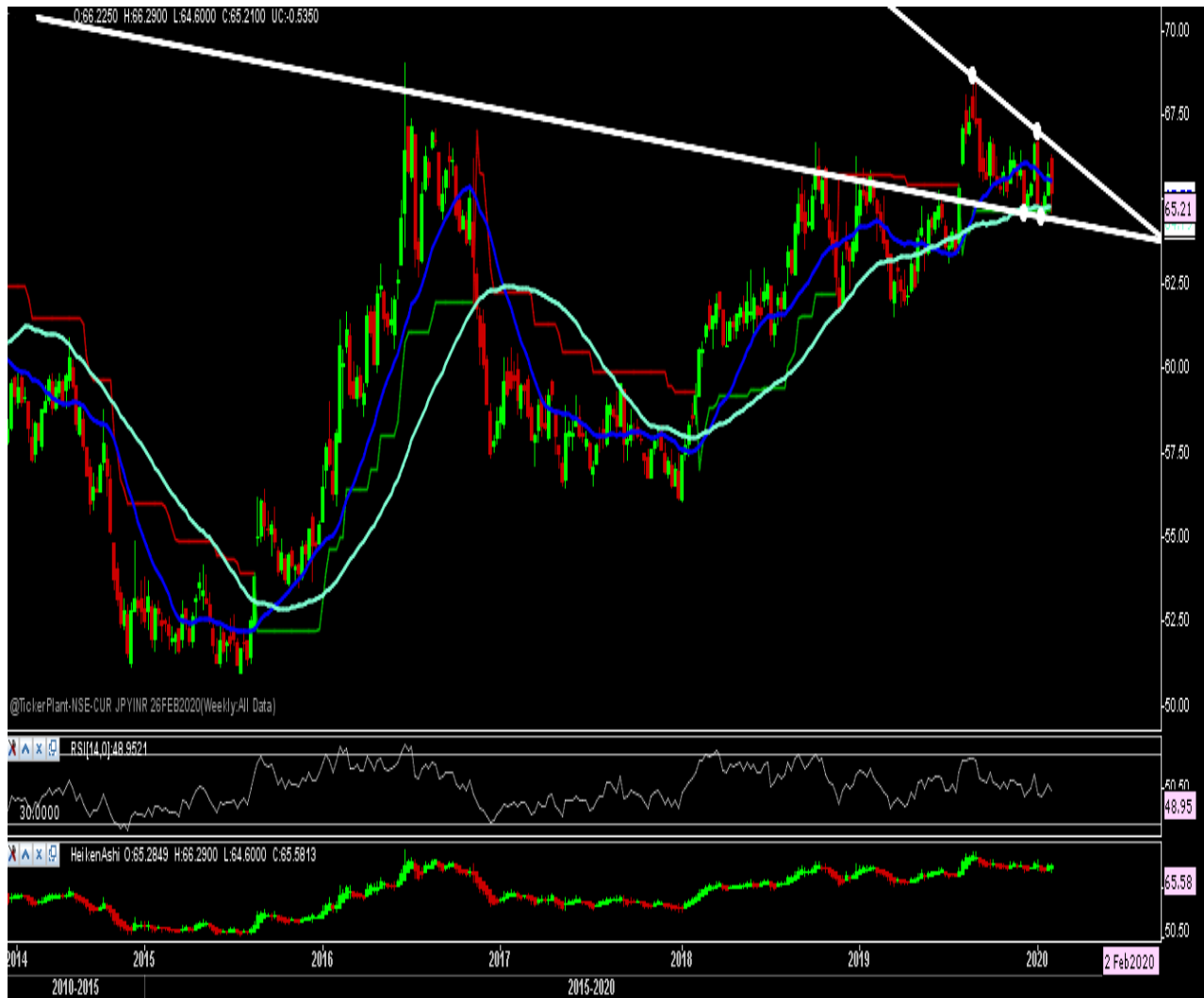
## Technical Outlook–

- On the Weekly chart, a Bearish Engulfing Pattern is formed.
- 50EMA and 100EMA will move towards bearish crossover on the weekly charts.
- The momentum oscillator RSI (14) will move below 50.
- The short term trend looks towards bearish signals; going forwards any drop below 92 levels could move towards 90.

## Support-Resistance

LTP	S1	S2	R1	R2
92.55	91.50	90.50	93.50	94.50

# JPYINR



## Technical Outlook–

- On the Weekly chart, a long red candle is formed
- 50EMA and 100EMA will be in Bearish crossover.
- The momentum oscillator RSI (14) will move below 50
- The near term trend shows consolidation; going forwards any move below 64.50 could see new drop till 63 levels.

## Support-Resistance

LTP	S1	S2	R1	R2
65.21	64.50	63.50	66.00	66.75

## Most Important Event in the This Week:

Date	Currency	Event	Forecast	Previous
11/02/2020	GBP	Prelim GDP q/q	0.0%	0.4%
11/02/2020	GBP	GDP m/m	0.2%	-0.3%
11/02/2020	GBP	Manufacturing Production m/m	0.5%	-1.7%
12/02/2020	USD	Crude Oil Inventories		3.4M
13/02/2020	USD	CPI m/m	0.2%	0.2%
13/02/2020	USD	Core CPI m/m	0.2%	0.1%
14/02/2020	EUR	German Prelim GDP q/q	0.1%	0.1%
14/02/2020	USD	Core Retail Sales m/m	0.1%	0.1%
14/02/2020	USD	Retail Sales m/m	0.3%	0.3%
14/02/2020	USD	Prelim UoM Consumer Sentiment	99.0	99.8

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

OUTLOOK BY: Miss Priyanka Shrimankar

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