

DATE: 09-12-2019

KEY HEADLINE

- The dollar edged lower against a basket of currencies on Friday as news of an initial China-U.S. trade deal and an election victory for Britain's Brexit-backing Conservative Party appeared to clear the fog on the global investment horizon, hurting safe-haven demand for the greenback. The United States and China cooled their trade war, announcing a "Phase one" agreement that reduces some U.S. tariffs in exchange for increased Chinese purchases of American farm products and other goods. United States would suspend tariffs on Chinese goods due to take effect on Sunday, and reduce others, officials said. A deal is expected to be signed the first week of January in Washington by principal negotiators.
- India's retail price inflation in November jumped to a 40-month high on higher food prices, reducing the likelihood of the central bank cutting interest rates in the next policy meeting in February. Food inflation rose sharply as unusually heavy rains at the end of the monsoon season hit crop yields and caused a spurt in prices of vegetables such as onions. This is the second month in a row when the retail inflation has remained above the central bank's medium-term target of 4%. Annual retail inflation increased to 5.54% last month, faster than the 4.62% rate in October and ahead of 5.26% forecast in a Reuters poll of analysts.
- China's Commerce Ministry said it has agreed with the U.S. on a text for a phase-1 trade deal, according to the Chinese English-language paper Global Times. The text "includes nine chapters, including intellectual property rights, technology transfer, food and agriculture, financial services, exchange rate and transparency, expanding trade, bilateral evaluation, dispute settlement and final agreement," the GT said, without providing details. There was, however, still no joint statement on what has actually been agreed. The Chinese comments come only a few minutes after President Donald Trump denied via Twitter reports suggesting that he was willing to cut import tariffs on Chinese goods in stages in return for commitments to buy U.S. agricultural goods.
- Japanese big manufacturers' business mood sank to a near seven year low in the fourth quarter, a closely watched central bank survey showed, as the U.S.-China trade war and soft global demand weighed on the export-reliant economy. Companies expect conditions to remain unchanged or even worsen three months ahead, the Bank of Japan's "tankan" quarterly survey showed, suggesting that the fallout from the trade conflict could hurt broader sectors of the economy. But there were some bright signs. Non-manufacturers' sentiment appeared to weather the hit from October's sales tax hike with companies maintaining robust capital expenditure plans, reinforcing market expectations the BOJ will hold off on expanding stimulus at next week's rate review.

Currency pair

Currencies	13/12/2019	06/12/2019	Change (%)
USDINR	70.92	71.37	-0.63
EURINR	79.34	79.25	0.11
GBPINR	94.91	93.75	1.24
JPYINR	64.77	65.81	-1.58

USDINR



Technical Outlook–

- On the Weekly Chart, a pennant continuation pattern is formed
- Indicator RSI (14) will remain near 50 on Weekly Chart.
- 50EMA and 100EMA will be in bearish crossover.
- The near term trend shows consolidation, going forwards it might remain in the range of 70.25-71.75

Support-Resistance

LTP	S1	S2	R1	R2
70.92	70.25	69.50	71.75	72.50

EURINR



Technical Outlook–

- On the Weekly Chart, a rectangle consolidation is in formation
- 50EMA and 100 EMA will be in Bullish Crossover
- The momentum oscillator RSI (14) will remain near 50 on weekly chart.
- The near term trend shows consolidation ; going forwards it would remain in the range of 78.50-80.00

Support-Resistance

LTP	S1	S2	R1	R2
79.34	78.50	77.75	80.00	80.75

GBPINR



Technical Outlook–

- On the Weekly chart, a green candle 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 reversal ; going forwards it might remain in the range of 94.00-96.00

Support-Resistance

LTP	S1	S2	R1	R2
94.91	94.00	93.25	96.00	96.75

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 bearish signal; going forwards it would remain in the range of 64.00-65.50

Support-Resistance

LTP	S1	S2	R1	R2
64.77	64.00	63.25	65.50	66.25

Most Important Event in the This Week:

Date	Currency	Event	Forecast	Previous
16/12/2019	EUR	German Manufacturing PMI (Dec)	44.5	44.1
16/12/2019	GBP	Composite PMI		49.3
16/12/2019	GBP	Manufacturing PMI		48.9
16/12/2019	GBP	Services PMI		49.3
17/12/2019	GBP	Average Earnings Index + Bonus (Oct)	3.4%	3.6%
17/12/2019	GBP	Claimant Count Change (Nov)	21.3K	33.0K
17/12/2019	USD	Building Permits (Nov)	1.400M	1.461M
17/12/2019	USD	JOLTs Job Openings (Oct)		7.024M
18/12/2019	EUR	German Ifo Business Climate Index (Dec)	95.5	95.0
18/12/2019	GBP	CPI (YoY) (Nov)	1.4%	1.5%
18/12/2019	EUR	CPI (YoY) (Nov)	1.0%	0.7%
18/12/2019	USD	Crude Oil Inventories		0.822M
19/12/2019	GBP	Retail Sales (MoM) (Nov)	0.3%	-0.1%
19/12/2019	GBP	BoE Interest Rate Decision (Dec)	0.75%	0.75%
19/12/2019	USD	Philadelphia Fed Manufacturing Index (Dec)	8.00	10.4
19/12/2019	USD	Existing Home Sales (Nov)	5.45M	5.46M
20/12/2019	GBP	GDP (QoQ) (Q3)	0.3%	0.3%
20/12/2019	GBP	GDP (YoY) (Q3)	1.0%	1.0%
20/12/2019	USD	GDP (QoQ) (Q3)	2.1%	2.0%

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FOREIGN CURRENCY SEGMENT

OUTLOOK BY: Miss Priyanka Shrimankar

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