

DATE: 18-01-2021

KEY HEADLINE

- US retail sales dropped last month, the Commerce Department said Friday, marking the third straight month without any growth. Retail sales fell 0.7% in December from the month prior. Economists surveyed by Refinitiv expected sales to be flat. The Commerce Department also revised November's data lower from a 1.1% decline to a 1.4% drop. America's economic recovery took a hit in the final months of 2020, and the retail sector hasn't been spared. Rising Covid-19 infections and renewed lockdown measures, as well as job losses, have weighed on consumer spending and were a drag on retail sales.
- EURGBP is trying to balance its weekly negative charge near a familiar support zone of 0.8865 and at the bottom of its seven-month old range following the pullback below its exponential moving averages (EMAs). Given former upside reversals in the region, which coincides with the 50% Fibonacci retracement of February's rally, and the Stochastics' bullish cross in the oversold area, a rebound in the price could be a likely scenario in the short run. Note that the market action has been developing around the lower Bollinger band over the past three days, increasing the case for an upside correction.
- U.S. consumer sentiment cooled more than forecast in January, adding to signs consumers may be growing less optimistic as vaccinations roll out amid soaring new infections. The University of Michigan's preliminary sentiment index fell to 79.2 from 80.7 last month, data released Friday showed. The figure fell below the forecast in Bloomberg's survey of economists that had called for a slight pullback to 79.5. The gauge of current conditions fell 2.3 points to 87.7, while a measure of expectations dropped 0.8 point to 73.8, according to the survey conducted Jan. 2-13.
- The Euro was carrying its largest weekly loss for nearly three months on Friday after capitulating previously at what were new multi-year highs for the trade-weighted single currency, only now the Euro-to-Dollar rate may need a rally from either the Pound or Chinese Yuan to sustain a meaningful recovery. Europe's single currency briefly planted its flag at the 1.2350 level early in the New Year, which coincided with a new post-20217 peak in the trade-weighted Eurozone exchange rate, from where it capitulated in price action that likely had multiple drivers.

Currency pair

| Currencies | 15/01/2021 | 08/01/2021 | Change (%) |
|------------|------------|------------|--------------|
| USDINR | 73.15 | 73.39 | -0.33 |
| EURINR | 88.78 | 89.83 | -1.17 |
| GBPINR | 99.82 | 99.72 | 0.10 |
| JPYINR | 70.57 | 70.69 | -0.17 |

USDINR



Technical Outlook–

- On the Weekly Chart, it indicates a small red candle.
- Inverted Cup & Handle pattern is seen on long-term Chart which is near its breakdown level.
- Indicator RSI (14) will move below 50 on Weekly Chart.
- The near term trend shows Bearish signals.

Support-Resistance

| LTP | S1 | S2 | R1 | R2 |
|-------|-------|-------|-------|-------|
| 73.15 | 72.50 | 71.75 | 74.00 | 74.75 |

RECOMMENDATION: BUY USDINR @ 73.75 SL 73.25 TARGET 74.75
SELL USDINR @ 72.75 SL 73.25 TARGET 71.75

EURINR



Technical Outlook–

- On the Weekly Chart, a large red candle is seen.
- Indicator RSI (14) will move near 50 Level.
- The near term trend shows bearish signals.

Support-Resistance

| LTP | S1 | S2 | R1 | R2 |
|-------|-------|-------|-------|-------|
| 88.78 | 87.75 | 86.50 | 89.75 | 91.00 |

RECOMMENDATION: BUY EURINR @ 89.50 SL 88.75 TARGET 91.00
SELL EURINR @ 88.00 SL 88.75 TARGET 86.50

GBPINR



Technical Outlook–

- On the Weekly chart, a small green candle is formed.
- The momentum oscillator RSI (14) will remain between 50 to 70 level.
- The near term trend shows Consolidation Signals.

Support-Resistance

| LTP | S1 | S2 | R1 | R2 |
|--------------|--------------|--------------|---------------|---------------|
| 99.82 | 98.50 | 97.25 | 101.00 | 102.25 |

RECOMMENDATION: BUY GBPINR @ 100.25 SL 99.25 TARGET 102.25
SELL GBPINR @ 99.25 SL 100.25 TARGET 97.25

JPYINR



Technical Outlook–

- On the Weekly chart, a rectangle formation is seen.
- The momentum oscillator RSI (14) will move near 50 levels.
- The near term trend shows consolidation signs

Support-Resistance

| LTP | S1 | S2 | R1 | R2 |
|-------|-------|-------|-------|-------|
| 70.57 | 69.80 | 69.00 | 71.30 | 72.00 |

RECOMMENDATION: BUY JPYINR @ 71.00 SL 70.50 TARGET 72.00

SELL JPYINR @ 70.00 SL 70.50 TARGET 69.00

Most Important Event in the This Week:

| Date | Currency | Event | Forecast | Previous |
|------------|----------|--------------------------------|----------|----------|
| 21/01/2021 | USD | Philly Fed Manufacturing Order | 12.2 | 11.1 |
| 21/01/2021 | USD | Unemployment Claims | 832K | 965K |
| 22/01/2021 | GBP | Retail Sales m/m | 0.8% | -3.8% |
| 22/01/2021 | EUR | French Flash Services PMI | 49.1 | 49.1 |
| 22/01/2021 | EUR | French Flash Manufacturing PMI | 50.3 | 51.1 |
| 22/01/2021 | EUR | German Flash Manufacturing PMI | 57.3 | 58.3 |
| 22/01/2021 | EUR | German Flash Services PMI | 45.1 | 47.0 |
| 22/01/2021 | EUR | Flash Manufacturing PMI | 54.6 | 55.2 |
| 22/01/2021 | EUR | Flash Services PMI | 45.0 | 46.4 |
| 22/01/2021 | GBP | Flash Manufacturing PMI | 53.1 | 57.5 |
| 22/01/2021 | GBP | Flash Services PMI | 45.5 | 49.4 |
| 22/01/2021 | USD | Flash Manufacturing PMI | 56.6 | 57.1 |
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RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

OUTLOOK BY: Analyst Miss Priyanka Shrimankar

Disclosure:

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