

DATE: 18-05-2020

## KEY HEADLINE

- The Bank of England is looking more urgently at options such as negative interest rates and buying riskier assets to prop up the country's economy as it slides into a deep coronavirus slump, the BoE's chief economist was quoted as saying. The Telegraph newspaper said the economist, Andy Haldane, refused to rule out the possibility of taking interest rates below zero and buying lower-quality financial assets under the central bank's bond-buying programme.
- The euro currency is starting to rise against the US dollar after sellers failed to break the technically important 1.0770 support level. The EURUSD pair could start to rally back towards the 1.0865 level if sellers fail to breach the 1.0770 support level. Traders should note that a breakout below the 1.0770 level could expose the EURUSD pair to further losses towards the 1.0630 level. The EURUSD pair is only bullish while trading above the 1.0890 level, key resistance is found at the 1.0940 and 1.0990 levels. The EURUSD pair is only bearish while trading below the 1.0890 level.
- U.S. retail sales tumbled by a record 16.4% from March to April as business shutdowns caused by the coronavirus kept shoppers away, threatened the viability of stores across the country and further weighed down a sinking economy. The Commerce Department's report Friday on retail purchases showed a sector that has collapsed so fast that sales over the past 12 months are down a crippling 21.6%. The severity of the decline is unrivaled for retail figures that date back to 1992. The monthly decline in April nearly doubled the previous record drop of 8.3% — set just one month earlier.
- Another week, another round of consolidation for EURUSD. The pair continued to pressure the 1.0770/80 support area last week, a level that aligns with the multi-year trend line from the 2000 lows. As I've said for weeks, sellers need to clear that 1.0750 region on a monthly closing basis to confirm the breakdown in the multi-decade uptrend. Of course, a daily close below wedge support shown below would also be bearish in the short-term. Key resistance for the week ahead comes in at 1.0900. GBPUSD Forecast GBPUSD worked out beautifully for us last week.

## Currency pair

Currencies	15/05/2020	08/05/2020	Change (%)
USDINR	75.88	75.73	<b>0.20</b>
EURINR	82.00	82.10	<b>-0.12</b>
GBPINR	92.56	93.71	<b>-1.23</b>
JPYINR	70.93	71.19	<b>-0.37</b>

# USDINR



## Technical Outlook–

- On the Weekly Chart, USDINR indicates an morning star candlestick pattern
- A Morning star candlestick pattern indicates reversal signals which can also be seen from RSI data
- Indicator RSI (14) will remain near 70 on Weekly Chart.

## Support-Resistance

LTP	S1	S2	R1	R2
75.88	75.20	74.50	76.65	77.30

**RECOMMENDATION: BUY USDINR @ 75.90 SL 75.20 TARGET 77.30**

# EURINR



## Technical Outlook–

- On the Weekly Chart, an Ascending Triangle is in formation.
- Indicator RSI (14) will remain near 50 Level.
- The near term trend shows bearish Signals.

## Support-Resistance

LTP	S1	S2	R1	R2
82.00	80.75	79.75	83.25	84.25

**RECOMMENDATION: BUY EURINR @ 82.70 SL 82.00 TARGET 84.00**  
**SELL EURINR @ 81.30 SL 82.00 TARGET 80.00**

# GBPINR



## Technical Outlook–

- On the Weekly chart, a Bearish Engulfing candlestick pattern is formed.
- The momentum oscillator RSI (14) will move below 50.
- The short term trend looks towards consolidation; with 91.50 acting as near term support and 96 acting as near term resistance.

## Support-Resistance

LTP	S1	S2	R1	R2
92.56	91.50	90.25	93.50	94.75

**RECOMMENDATION: BUY GBPINR @ 93.25 SL 92.50 TARGET 94.50**  
**SELL GBPINR @ 91.75 SL 92.50 TARGET 90.50**

# JPYINR



## Technical Outlook–

- On the Weekly chart, a Doji candle is formed.
- The momentum oscillator RSI (14) will remain above 50
- The near term trend shows consolidation signs

## Support-Resistance

LTP	S1	S2	R1	R2
70.93	70.25	69.50	71.75	72.50

**RECOMMENDATION: BUY JPYINR @ 71.50 SL 71.00 TARGET 72.50**

**SELL JPYINR @ 70.50 SL 71.00 TARGET 69.50**

## Most Important Event in the This Week:

Date	Currency	Event	Forecast	Previous
19/05/2020	GBP	Claimant Count Change		12.1K
19/05/2020	USD	Building Permits	1.00M	1.35M
20/05/2020	GBP	CPI y/y	0.9%	1.5%
21/05/2020	GBP	Flash Services PMI	20.0	13.4
21/05/2020	GBP	Flash Manufacturing PMI	35.	32.6
21/05/2020	USD	Philly Fed Manufacturing Index	-40.0	-56.6
21/05/2020	USD	Unemployment Claims	2400K	2981K
21/05/2020	USD	Flash Manufacturing PMI	37.5	36.1
22/05/2020	GBP	Retail Sales m/m	-16.0%	-5.1%
22/05/2020	EUR	French Flash Services PMI	28.8	10.2
22/05/2020	EUR	French Flash Manufacturing PMI	35.6	31.5
22/05/2020	EUR	German Flash Manufacturing PMI	39.0	34.5
22/05/2020	EUR	German Flash Services PMI	26.2	16.2
22/05/2020	EUR	Flash Manufacturing PMI	38.0	33.4
22/05/2020	EUR	Flash Services PMI	23.9	12.0

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

OUTLOOK BY: Analyst 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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