

DATE: 20-01-2020

KEY HEADLINE

- U.S. job openings recorded their biggest drop in more than four years in November, while hiring increased moderately, suggesting a loss of momentum in the labor market at the tail end of 2019. Job openings, a measure of labor demand, tumbled 561,000 to 6.80 million, the lowest reading since August 2015, the Labor Department said in its monthly Job Openings and Labor Turnover Survey, or JOLTS, on Friday. Vacancies have been trending lower this year since hitting an all-time high of 7.63 million in late 2018.
- Forget the phase one deal, a bitter superpower tech war will overshadow any minor progression in US-China relations emanating from this week's trade agreement. That is the message contained in a new report to be released on Monday, the author of which says that tariffs are "a subset in a much larger, overarching, systemic rivalry between two superpowers, which is the defining issue of this century". "The trade deal, which is focused on tariffs, is in a completely different space," said Alex Capri, a visiting senior fellow at the National University of Singapore.
- The US dollar wraps up another good week with gains against most of the major currencies. The only exceptions were the Swiss Franc which climbed to its strongest level in 3 months and the Canadian dollar, which held onto its recent gains. Investors brushed off softer US inflation data in favor of stronger retail sales, manufacturing activity and pickup in housing starts. However stabilization in US yields and the record breaking moves in US stocks are the primary reasons why investors are piling into US dollars.
- The European Central Bank meeting (Thursday) should be a non-event. No new economic projections are published and the board's risk assessment is unlikely to change compared to the December outlook. While the ECB's strategic review is set to begin soon, it won't be completed until year-end and in the meantime, the narrative is unlikely to change. Hence, a fairly limited impact on the euro stemming from this meeting. As for the January eurozone PMI (Friday), our economists look for a modest improvement, though the Manufacturing PMI should remain in contractionary territory.
- Positive US data along with strong earnings from Morgan Stanley helped to propel risk appetite yesterday and this has been added to overnight with encouraging economic data out of China. A third month of US retail sales growth and an encouraging reading to the regional Philly Fed survey helped to swing Treasury yields higher, allowing the dollar to recover. Most impressive of all though has been the latest sharp move higher on Wall Street into all-time highs, something which is happening on an almost daily basis.

Currency pair

Currencies	17/01/2020	10/01/2020	Change (%)
USDINR	71.14	71.03	0.15
EURINR	79.12	78.88	0.30
GBPINR	92.80	92.84	-0.04
JPYINR	64.66	64.87	-0.32

USDINR



Technical Outlook–

- On the Weekly Chart, an hammer candle is formed.
- Indicator RSI (14) will move above 50 on Weekly Chart.
- 50EMA and 100EMA will be in bullish crossover.
- The near term trend shows bullish signals, going forwards it might move towards 72.00.

Support-Resistance

LTP	S1	S2	R1	R2
71.14	70.50	69.75	72.00	72.75

EURINR



Technical Outlook–

- On the Weekly Chart, a small green candle is formed
- 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 might remain in the range of 78.50-81.00

Support-Resistance

LTP	S1	S2	R1	R2
79.12	78.00	77.25	79.75	81.00

GBPINR



Technical Outlook–

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

Support-Resistance

LTP	S1	S2	R1	R2
92.80	92.00	91.00	94.00	95.00

JPYINR



Technical Outlook–

- On the Weekly chart, a small red candle is formed
- 50EMA and 100EMA will be in Bullish crossover.
- The momentum oscillator RSI (14) will remain near 50
- The near term trend shows consolidation; going forwards it might remain in the range of 63.80-65.25

Support-Resistance

LTP	S1	S2	R1	R2
64.66	63.80	63.00	65.25	66.00

Most Important Event in the This Week:

Date	Currency	Event	Forecast	Previous
21/01/2020	GBP	Average Earnings Index 3m/y	3.1%	3.2%
21/01/2020	EUR	German ZEW Economic Sentiment	15.2	10.7
22/01/2020	CAD	CPI m/m		-0.1%
23/01/2020	EUR	Main Refinancing Rate	0.00%	0.00%
23/01/2020	USD	Crude Oil Inventories		-2.5M
24/01/2020	EUR	Flash Services PMI	52.9	52.8
24/01/2020	EUR	Flash Manufacturing PMI	46.9	46.3
24/01/2020	GBP	Flash Services PMI	51.1	50.0
24/01/2020	GBP	Flash Manufacturing PMI	48.8	47.5
24/01/2020	CAD	Core Retail Sales m/m		-0.5%
24/01/2020	USD	Flash Manufacturing PMI	52.6	52.4

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>

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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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