

DATE: 24-02-2020

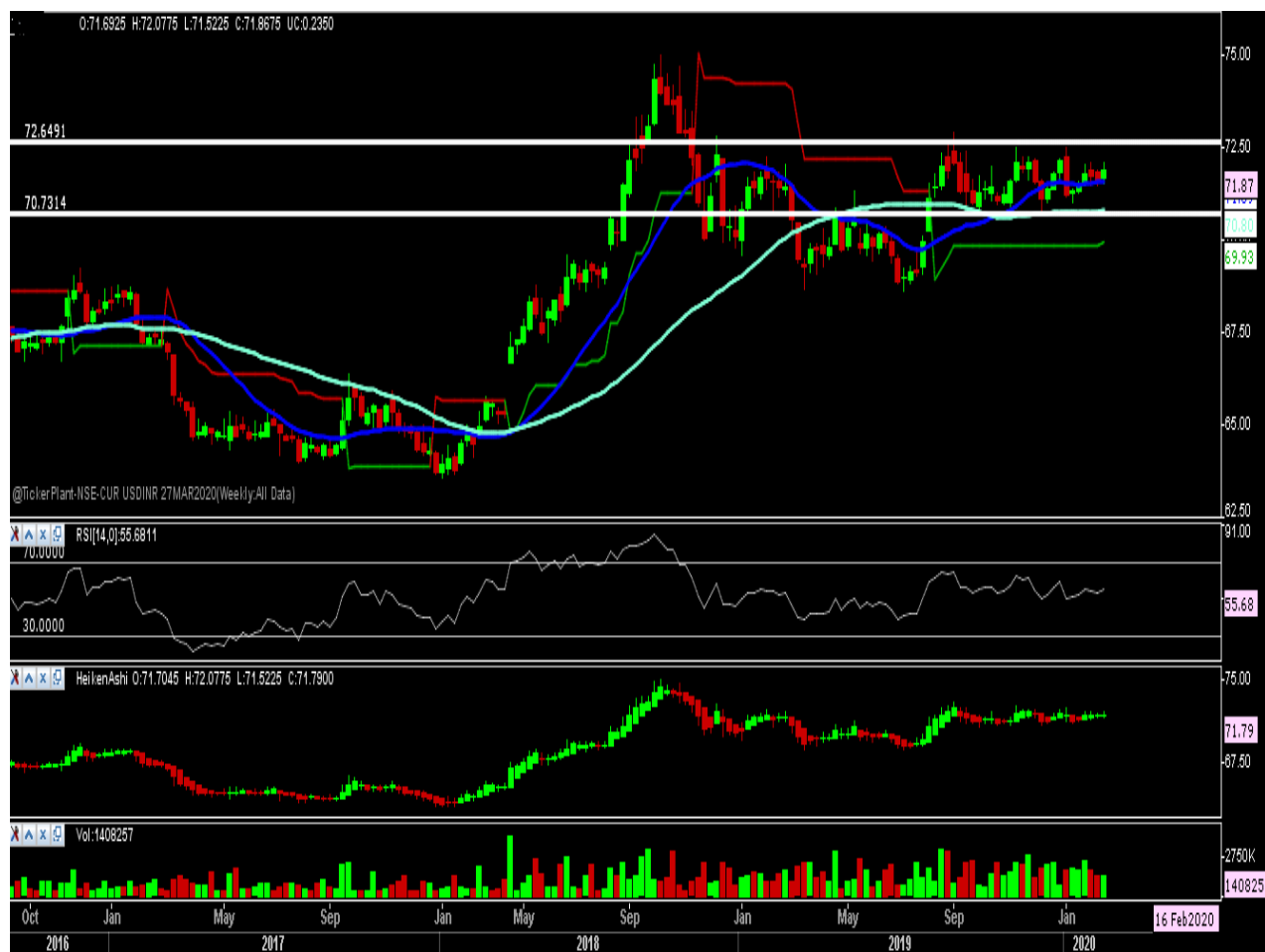
KEY HEADLINE

- Retail sales were virtually unchanged at \$51.6 billion in December, after growing 1.1% in November. Higher sales at building material and garden equipment and supplies dealers, as well as food and beverage stores were more than offset by lower sales at motor vehicle and parts dealers and gasoline stations. Sales were up in 7 of 11 subsectors, representing 49% of retail trade. Retail sales in volume terms were unchanged. Retail sales decreased 0.2% in the fourth quarter, after increasing 0.3% in the third quarter. Retail sales volumes were down 0.5%, following a 0.3% increase in the third quarter.
- As we discussed last week, the coronavirus helped to cause an increase in inflation to 5.4% vs 4.9% expected, as much of the inflation was due to higher food prices. Yesterday, China released data suggesting they have been flooding the market with liquidity, trying to keep the economy afloat while also trying to navigate through this natural disaster. New Yuan loans for January increased to CNY 3340B vs CNY 3000B expected and CNY 1140B last. In addition, Total Social Financing for January increased to CNY 5070B vs CNY 4300B expected and CNY 2103B last.
- The USDJPY is on the move again. After months of consolidating, the risk-sensitive pair ripped 250 pips higher this week. Most of those gains occurred on Wednesday when the pair closed higher by 150 pips, clearing that May 6, 2019 gap at 111.10. I wrote about this level several weeks ago. It's no coincidence that Thursday's session carved a low of 111.11 before rocketing higher by another 100+ pips. But instead of talking about trivial details, I want to take a step back today and look at the bigger picture.
- The U.S. government on Friday said it would increase tariffs on aircraft imported from the European Union to 15% from 10%, ratcheting up pressure on Brussels in a nearly 16-year transatlantic dispute over aircraft subsidies. The U.S. Trade Representative's Office said it remained open to reaching a negotiated settlement with the EU on the issue, but could revise its actions if the EU imposed tariffs of its own in connection with a pair of disputes over the subsidies.

Currency pair

Currencies	20/02/2020	14/02/2020	Change (%)
USDINR	71.66	71.42	0.34
EURINR	77.38	77.52	-0.18
GBPINR	92.24	93.14	-0.97
JPYINR	63.95	65.10	-1.77

USDINR



Technical Outlook–

- On the Weekly Chart, rectangle formation is seen
- Chart shows range bound movement.
- Indicator RSI (14) will move above 50 on Weekly Chart.
- The near term trend shows consolidation trading between 72.60 as near term resistance and 70.75 acting as near term support.

Support-Resistance

LTP	S1	S2	R1	R2
71.86	71.00	70.25	72.50	73.25

EURINR



Technical Outlook–

- On the Weekly Chart, Descending Triangle pattern is seen
- 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 remain in range of 77.00 to 78.50

Support-Resistance

LTP	S1	S2	R1	R2
77.75	77.00	76.00	78.50	79.25

GBPINR



Technical Outlook–

- On the Weekly chart, a red candle is formed.
- 50EMA and 100EMA will move towards bullish crossover on the weekly charts.
- The momentum oscillator RSI (14) will remain near 50.
- The short term trend looks towards consolidation; going forwards any drop below 91.75 could see prices drop further to 90.50 levels.

Support-Resistance

LTP	S1	S2	R1	R2
92.54	91.50	90.50	93.50	94.50

JPYINR



Technical Outlook–

- On the Weekly chart, a large 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 signals; going forwards any move below 64 could see new drop till 63 levels.

Support-Resistance

LTP	S1	S2	R1	R2
64.24	63.50	62.75	65.00	65.75

Most Important Event in the This Week:

Date	Currency	Event	Forecast	Previous
24/02/2020	EUR	German Ifo Business Climate	95.0	95.9
25/02/2020	USD	CB Consumer Confidence	132.6	131.6
25/02/2020	USD	Richmond Manufacturing Index	10	20
26/02/2020	USD	New Home Sales	710K	694K
26/02/2020	USD	Crude Oil Inventories		0.4M
27/02/2020	USD	Core Durables Goods Order m/m	0.2%	-0.1%
27/02/2020	USD	Durables Goods Orders m/m	-1.4%	2.4%
27/02/2020	USD	Prelim GDP q/q	2.2%	2.1%
27/02/2020	USD	Pending Home Sales m/m	2.1%	-4.9%
28/02/2020	EUR	German Prelim CPI m/m	0.3%	-0.6%
28/02/2020	USD	Core PCE Price Index m/m	0.2%	0.2%
28/02/2020	USD	Personal spending m/m	0.3%	0.3%
28/02/2020	USD	Chicago PMI	46.4	42.9

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

OUTLOOK BY: Analyst Miss Priyanka Shrimankar

Disclosure:

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