

DATE: 26-05-2020

KEY HEADLINE

- The Chinese Embassy in Canada on Saturday expressed "strong opposition" against the UK, Australia and Canada's "gross interference" of domestic affairs after they issued a joint statement about China's decision to improve the legal system concerning national security in the Hong Kong Special Administrative Region (HKSAR). A draft decision on establishing and improving the legal system and enforcement mechanisms for the HKSAR to safeguard national security was submitted to the third session of the 13th National People's Congress (NPC) for deliberation on Friday.
- At a time where markets are trying to build the momentum to take the next step forward in this recovery, growing geopolitical risk between the US and China is not ideal. We are increasingly seeing the threat of renewing tensions between the world's two most powerful economies. Moves in the US Congress to sanction China over potential Hong Kong legislation adds to tensions that are already fraying after President Trump has been firing off over the COVID-19 blame game and interference into his re-election campaign.
- The Trump administration discussed last week whether to conduct its first nuclear test explosion since 1992, the Washington Post reported late on Friday, citing a senior official and two former officials familiar with the matter. The topic surfaced at a meeting of senior officials representing the top national security agencies after accusations from the administration that Russia and China are conducting low-yield nuclear tests, the Washington Post said. The meeting, however, did not conclude with any agreement to conduct a nuclear test.
- GBPJPY has been declining over the last six weeks, falling back below the 20- and 40-day simple moving averages (SMAs) and the 132.00 psychological level, being the 38.2% Fibonacci mark of the down leg from 144.95 to 124.00. According to the momentum indicators, the stochastics are posting a bearish crossover within the %K and %D lines below the overbought region, while the RSI is edging lower in the negative threshold. In case of steeper declines, the price could touch the 23.6% Fibonacci of 128.94 ahead of the 127.27 support.

Currency pair

Currencies	22/05/2020	15/05/2020	Change (%)
USDINR	75.89	75.88	0.01
EURINR	82.77	82.00	0.94
GBPINR	92.50	92.56	-0.06
JPYINR	70.62	70.93	-0.44

USDINR



Technical Outlook–

- On the Weekly Chart, USDINR indicates an Inverted Hammer candlestick pattern
- Indicator RSI (14) will remain near 70 on Weekly Chart.
- The near term trend shows bullish signals.

Support-Resistance

LTP	S1	S2	R1	R2
76.14	75.40	74.70	77.00	77.75

RECOMMENDATION: BUY USDINR @ 76.10 SL 75.60 TARGET 77.00

EURINR



Technical Outlook–

- On the Weekly Chart, a Triangle is in formation.
- Indicator RSI (14) will move above 50 Level.
- The near term trend shows breakout signals.

Support-Resistance

LTP	S1	S2	R1	R2
83.04	82.00	81.00	84.00	85.00

RECOMMENDATION: BUY EURINR @ 83.70 SL 83.00 TARGET 85.00
SELL EURINR @ 82.30 SL 83.00 TARGET 81.00

GBPINR



Technical Outlook–

- On the Weekly chart, an Inverted Hammer candlestick pattern is formed.
- The momentum oscillator RSI (14) will remain near 50.
- The near term trend shows bullish Signals.

Support-Resistance

LTP	S1	S2	R1	R2
92.77	91.75	90.50	93.75	95.00

RECOMMENDATION: BUY GBPINR @ 93.50 SL 92.75 TARGET 95.00
SELL GBPINR @ 92.00 SL 92.75 TARGET 90.50

JPYINR



Technical Outlook–

- On the Weekly chart, a Hanging man candlestick pattern is formed.
- The momentum oscillator RSI (14) will remain near 50
- The near term trend shows consolidation signs

Support-Resistance

LTP	S1	S2	R1	R2
70.81	70.00	69.25	71.50	72.25

RECOMMENDATION: BUY JPYINR @ 71.25 SL 70.75 TARGET 72.25

SELL JPYINR @ 70.25 SL 70.75 TARGET 69.25

Most Important Event in the This Week:

Date	Currency	Event	Forecast	Previous
26/05/2020	USD	CB Consumer Confidence	87.1	86.9
28/05/2020	USD	Prelim GDP q/q	-4.8%	-4.8%
28/05/2020	USD	Core Durable Goods Orders m/m	-14.2%	-0.4%
28/05/2020	USD	Durable Goods Orders m/m	-17.9%	-14.7%
28/05/2020	USD	Unemployment Claims		2438K
28/05/2020	USD	Pending Home Sales m/m	-15.0%	-20.8%
29/05/2020	EUR	CPI Flash Estimate y/y		0.3%
29/05/2020	USD	Core PCE Price Index m/m	-0.3%	-0.1%
29/05/2020	USD	Personal Spending m/m	-12.6%	-7.5%
29/05/2020	USD	Chicago PMI	40.1	35.4
29/05/2020	USD	Revised UoM Consumer Sentiment	73.7	73.7

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

OUTLOOK BY: Analyst Miss Priyanka Shrimankar

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