

KEY HEADLINES:

- Forecasters are calling for a second-quarter GDP contraction of at least 30%, according to the Blue Chip survey, while the model from the Federal Reserve Bank of Atlanta (GDPNow) calls for a much steeper 52% retrenchment. Yet, the S&P 500 index is down less than 7% this year after rallying more than 35% from its low point of March 23. There seems to be a huge disparity between the economy and the stock market. There is a way to reconcile both numbers, however, if the economy turns around quickly and ends up the year nearly unchanged.
- President Donald Trump late Monday threatened to mobilize the U.S. military to keep the peace across the nation, following days of violent protests. Speaking at the Rose Garden of the White House, Trump derided governors for not acting more harshly against demonstrators, and said he was deploying “heavily armed” soldiers and police in Washington to quell protests. “I am mobilizing all federal and local resources, civilian and military, to protect the rights of law abiding Americans,” Trump said, citing the Insurrection Act of 1807.
- Investors have marched into June with a renewed appetite for risk after President Donald Trump’s response to China’s new law reining in Hong Kong was not as bad as initially feared. It looks like market players are dumping in favour of riskier currencies amid the growing optimism and this continues to be reflected across the G10 space. With the mighty Dollar entering the new trading month clearly on the wrong side of the bed, could weakness be a dominant theme over the next few weeks.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Nationwide HPI m/m	GBP	-1.0%	0.7%	MEDIUM
French Gov. Budget Balance	EUR		-52.5B	MEDIUM
Spanish Unemployment Change	EUR	230.3K	282.9K	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	75.74	75.60	75.30	75.93	76.20	Sideways
EURINR FUTURE	84.16	83.95	83.50	84.35	84.90	BULLISH
GBPINR FUTURE	93.74	93.50	93.00	94.00	94.50	BULLISH
JPYINR FUTURE	70.30	70.15	69.85	70.45	70.75	Sideways

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