

KEY HEADLINES:

- The market mood remains mixed as US stocks open in positive territory while European indices and the dollar are in the red. The Shanghai index added another 1.6% on the day after Monday's rise, while gold has cracked \$1800 as it aims its sights on the September 2011 high. Global markets have been struggling for traction since the Fed's balance sheet started shrinking modestly in mid-June amid rising concern that it will take a longer time for the broader economy to recover.
- On Sunday, I stated that a close above 1.2530 for GBPUSD would signal strength. The 1.2530 area was responsible for rejecting buyers in late June and again on July 2nd. It was also support before that during the first half of June. Notice how Tuesday's session cleared 1.2530 with a 1.2540 close. It should come as no surprise then to see GBPUSD catching a bid so far on Wednesday after retesting 1.2530 as new support. So where to from here? As long as 1.2530 holds as support on a daily closing basis, I favor a move into 1.2680 and perhaps 1.2780. The latter is the recent swing high in June.
- What the heck is really going on in the labor market? Are 30 million Americans unemployed? Or is it 17 million? Are companies bringing back millions of workers? Or laying even more people off? It's hard to get a clear answer from the government's two main tools to assess the labor market. Weekly jobless claims and the monthly employment report appear to tell very different stories. Consider jobless claims. Although they have fallen from a peak of nearly 7 million in late March, more than 1 million new applications for unemployment benefits are being filed each week.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Unemployment Claims	USD	1375K	1427K	MEDIUM
Natural Gas Storage	USD	60B	65B	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	75.19	75.00	74.60	75.40	75.80	BULLISH
EURINR FUTURE	84.84	84.55	84.00	85.15	85.70	BULLISH
GBPINR FUTURE	94.26	94.00	93.40	94.50	95.00	BULLISH
JPYINR FUTURE	69.92	69.70	69.30	70.10	70.50	BULLISH

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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