

KEY HEADLINES:

- The key difference between our recession methodologies and the NBER's is that we rely on leading indicators to identify the end of a recession in real time, whereas the NBER prefers to wait for confirmation from coincident and lagging data, following data revisions. The NBER pays particular attention to personal income net of transfers, and payrolls. While payroll growth has ticked up, net personal incomes are still falling (top-left chart). This shows we should not expect the NBER to announce the recession's end in the very near future.
- The US dollar sell-off continues and a complete re-trace of the March 9-22 surge may be playing out. The constant printing of US dollars to counteract the effects of COVID-19 continues to weigh on the currency while the one-month to three-year US Treasury yield curve is flat and offers investors little in the way of any return. The yield curve move lower in longer-dated USTs has been helped by Fed officials jawboning about yield curve control – keeping interest rates at or below a specified target – although this recent move lower has eased the pressure on the Fed to set any specific levels for now.
- Chinese state lenders are revamping contingency plans in anticipation of U.S. legislation that could penalise banks for serving officials who implement the new national security law for Hong Kong, sources at five state financial institutions said. In worst-case scenarios under consideration by the Bank of China (601988.SS) (3988.HK) and Industrial and Commercial Bank of China (ICBC) (601398.SS) (1398.HK), the lenders are looking at the possibility of being cut off from U.S. dollars or losing access to U.S. dollar settlements, two sources said.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Core PPI m/m	USD	0.1%	-0.1%	MEDIUM
PPI m/m	USD	0.4%	0.4%	MEDIUM
CB Leading Index m/m	GBP		-2.9%	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	75.12	74.95	74.60	75.30	75.70	BULLISH
EURINR FUTURE	85.07	84.80	84.20	85.40	86.00	Sideways
GBPINR FUTURE	94.95	94.65	94.00	95.25	95.85	Sideways
JPYINR FUTURE	69.99	69.80	69.40	70.20	70.60	BULLISH

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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