

KEY HEADLINES:

- Next week is important. Two G7 central banks meet and at least half a dozen emerging market central banks. There is a European Summit and perhaps a political effort to reinvigorate the UK-EU trade talks, which seem to be crashing on the shoals of stubbornness. The ECB offers its most generous long-term targeted loan that is bound to see earlier loans rolled into this new one. Further evidence that the world's largest economy has taken a baby step toward recovery. Let's unpack next week's events.
- The EURUSD lost some ground late last week after an impressive 550 pip rally that began May 25th. If you saw last week's forex forecast, you know that I was keeping a close eye on the 1.1340 to 1.1380 resistance area. Despite repeated attempts from buyers, the EURUSD never closed above 1.1380. As I mentioned before the weekend, the upward sloping flag on the 4-hour chart hinted at weakness on Friday. Sure enough, the EURUSD sold off and also retested 1.1230/40 support. That's the area sellers have to break this week to send the euro lower toward the next key support at 1.1150.
- There have been signs of strain in recent days, but the risk recovery came to a shuddering halt yesterday as Wall Street sold sharply lower. The Federal Reserve remains highly accommodative but is rightfully very cautious on the economic recovery. However, coming amidst news that states in the US are suffering from increased second wave infections have hit markets that have been seemingly priced for perfection of a serene V-shaped recovery. A bump in the road to demand recovery for oil has hit the oil rally hard and similar -6%/-7% declines on Wall Street also ensued.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Tertiary Industry Activity m/m	JPY	-7.5%	-4.2%	MEDIUM
Trade Balance	EUR	20.3B	23.5B	MEDIUM
Empire State Manufacturing Index	USD	-30.0	-48.5	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	75.94	75.75	75.35	76.15	76.55	BULLISH
EURINR FUTURE	85.82	85.50	85.00	86.10	86.60	Sideways
GBPINR FUTURE	95.86	95.55	95.00	96.20	96.80	Sideways
JPYINR FUTURE	70.64	70.45	70.00	70.85	71.25	BULLISH

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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