

KEY HEADLINES:

- Is US President Donald Trump practising the “art of the deal” on China by scaring it into making major concessions on trade to avoid being decoupled from the global financial system? There are signs this may be so but, even if Trump is bluffing, many in China are taking the threat seriously. A recent report by Reuters quoted officials and economists in China saying that a “broad financial war has already started” between the two countries and that Beijing has to be prepared for Washington's “nuclear option” of kicking China out of the dollar payment system.
- Ever since the Japanese Prime Minister announced a US\$2.2 billion incentive to the Japanese investors to vacate China and shift to Japan or other developing nations, media and think tanks were abuzz with India and Vietnam as the most promising alternative destinations for China. However, Japanese investors were in dilemma with the survey results. They were not uniform in revealing the best among the two. While some surveys advocated Vietnam a more promising destination, others went for India.
- The weakening U.S. dollar is set to slide even further, but its importance as the world’s reserve currency is unlikely to be diminished, according to analysts. The greenback had benefited as investors flew to safety amid the pandemic, which drove it to a three-and-a-half year high in March. But now strategists say the country’s economic recovery is in question, given its weak coronavirus response. The dollar had also reacted to the country’s surging deficit and the prospect of U.S. interest rates remaining lower for longer.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
German Final GDP q/q	EUR	-10.1%	-10.1%	MEDIUM
German ifo Business Climate	EUR	92.5	90.5	MEDIUM
CB Consumer Confidence	USD	93.2	92.6	MEDIUM
New Home Sales	USD	775K	776K	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	74.14	74.00	73.60	74.30	74.70	BEARISH
EURINR FUTURE	87.83	87.60	87.00	88.10	88.60	BEARISH
GBPINR FUTURE	97.37	97.10	96.50	97.70	98.30	BEARISH
JPYINR FUTURE	70.17	70.00	69.50	70.40	70.90	BEARISH

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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