

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	68.42	-0.01%	-0.6%	7%
EUR/INR	79.70	-0.31%	-0.4%	5%
GBP/INR	89.64	-0.27%	-0.9%	6%
JPY/INR	61.34	0.23%	-1.1%	6%
EUR/USD	1.1647	-0.11%	0.1%	-2%
GBP/USD	1.3102	-0.19%	-0.3%	-1%
USD/JPY	111.54	-0.17%	0.6%	1%
USD/CNH	6.8332	0.13%	2.1%	2%
10 YR YIELD- IN	7.71	0.00	(0.21)	1.24
10 YR YIELD- USA	2.99	(0.02)	0.12	0.72
GOLD (\$/Oz)	1,219	0.2%	-2%	-4%
SILVER (\$/Oz)	15.40	0.1%	-3%	-7%
BRENT CRUDE (\$/Brl)	72.58	0.3%	-6%	39%
COPPER 3M (\$/Ton)	6172	-2.0%	-7%	-3%
NIFTY	11275	-0.63%	5.79%	12%
HANGSENG	27683	-2.32%	-4.39%	0%
S&P 500	2813	-0.10%	3.18%	14%
INR 1M FWD	0.25	(0.00)	0.01	(0.00)
INR 2M FWD	0.53	0.03	0.02	0.04
INR 3M FWD	0.75	(0.01)	0.03	0.01
INR 6M FWD	1.51	(0.01)	0.05	0.02
INR 12M FWD	3.00	(0.02)	0.01	0.07
	1 DAY	MTD	QTD	YTD
FII INVESTMENT- EQ (\$ Mn)	132	208	208	(414)
FII INVESTMENT- DEBT (\$ Mn)	103	105	105	(6,004)
TOTAL- (\$ Mn)	235	313	313	(6,418)

CURRENCY	ECONOMIC EVENT
GBP	BOE monetary policy & Inflation report
GBP	Construction PMI

INDIA NEWSWIRE

- The Reserve Bank of India (RBI) on Wednesday hiked policy rates for the second time in a row this financial year. However, policy stance remains neutral. Except external member Ravindra Dholakia, the rest in the six-member monetary policy committee voted for a hike. Publishing the inflation projection a year ahead for the first time, the central bank said it expected inflation to remain at 5 per cent in the first quarter of 2019-20. Since the transmission of monetary policy happens with a lag, the two rate hikes will take some time to work on inflation, said Viral Acharya, RBI deputy governor in charge of monetary policy.

WORLD NEWSWIRE

- Private payrolls in the U.S. increased by more than expected last month. According to ADP survey, jobs in the U.S. increased by 219,000 in July, beating estimates of a gain of 185,000.
- US ISM said its manufacturing index dipped to 58.1% in July from 60.2%. That's the lowest reading since April, though it's still a strong number overall. The employment gauge, however, edged up to 56.5% from 56%. The suppliers deliveries index dropped a sharp 6.1 points to a still strong 62.1% reading.

FX VIEW

There were some fireworks post RBI, as Rupee strengthened on the back of a hike in interest rates and also bond prices gained on the back of a neutral stance from the central bank. Indian bond yields have managed ignore the sell-off in US bonds and that is a positive sign. In the current quarter FPIs have not been a net seller in equities or debt, which could be keeping the Dollar Rupee capped. However, unlike RBI, US FOMC meeting did not have much impact on FX markets. FOMC's stance was on expected lines, as the the central bank decided to keep rates on hold but hinted at more hikes, (1/2 more) during the rest of the year. They exuded confidence in the US economy. US policymakers maintained their assessment of strong labor market conditions and how economic activity has been rising at a strong rate. In particular, officials highlighted strength in household spending and business investment.

Lack of follow through in USD post Fed could be due to now new surprises from the Fed. Market is now more focussed on headlines relating to trade war than on central bank actions. There are reports from fresh tariffs on Chinese goods to be imposed by US and that is what keeping the Asian stock markets jittery. Today morning, Chinese indices and Hongkong mainland indices are leading the weakness across Asia. As a result, we expect USDINR to recover from its initial morning weakness. Morning lows were around 68.25/26 levels on spot, around the lows witnessed during July. Traders can look to buy at current levels and play for a bounce back towards 68.50/60 levels on spot. However, if the rally fails to materialise, and we see prices sustaining below 68.25, then we would reverse to shorts for an initial target of 67.70/75 levels on spot.

On majors, EURUSD, GBPUSD and USDJPY, all three are trading well within their previous month's range. Last month's range was quite narrow for the all three pairs. One way to bet on increase in volatility and trending moves is once these pairs break out of their previous months range. EURUSD's range is 1.1575 and 1.1790, GBPUSD range is 1.2958 and 1.3363 and USDJPY's range is 113.17 and 110.27. EURINR remains well supported between 79.00/79.50 levels on spot. On GBPINR, support is closer to 89.00 levels. On JPYINR, prices can test support around 60.30/60 zone on spot. Buying can be done closer to these support levels with stops below.

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