

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	68.83	-0.16%	-0.6%	0%
EUR/INR	77.69	-0.27%	0.3%	-3%
GBP/INR	86.65	-0.44%	-1.0%	-4%
JPY/INR	63.99	0.09%	-0.2%	3%
EUR/USD	1.1287	0.02%	0.4%	-3%
GBP/USD	1.2588	-0.04%	-0.6%	-5%
USD/JPY	107.63	-0.23%	-0.4%	-3%
USD/CNH	6.8875	0.00%	-0.5%	3%
10 YR YIELD- IN	6.82	(0.02)	(0.16)	(1.06)
10 YR YIELD- USA	1.96	(0.02)	(0.12)	(0.88)
GOLD (\$/Oz)	1,424	0.4%	7%	14%
SILVER (\$/Oz)	15.31	0.0%	4%	-4%
BRENT CRUDE (\$/Brl)	62.63	0.4%	2%	-19%
COPPER 3M (\$/Ton)	5887	-1.1%	1%	-10%
NIFTY	11927	0.14%	-1.33%	11%
HANGSENG	28818	-0.20%	7.16%	1%
S&P 500	2973	0.29%	8.33%	10%
INR 1M FWD	0.26	0.01	0.02	0.03
INR 2M FWD	0.51	0.00	0.06	0.00
INR 3M FWD	0.80	0.01	0.11	0.08
INR 6M FWD	1.62	0.01	0.23	0.16
INR 12M FWD	3.30	0.03	0.48	0.31
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(125)	(125)	(125)	11,214
FII INVESTMENT- DEBT (\$ Mn)	76	76	76	1,504
TOTAL- (\$ Mn)	(49)	(49)	(49)	12,718

CURRENCY	ECONOMIC DATA
GBP	Services PMI
USD	ADP Non-Farm Employment Change
USD	ISM Non-Manufacturing PMI

FX VIEW

No major events overnight, except for an odd comment from the Trump administration about imposing fresh tariffs on European Union. The new wave of proposed duties comes amid a 15-year dispute at the World Trade Organization over aircraft subsidies given to U.S. aerospace manufacturer Boeing and its European rival, Airbus. However, that could not prevent the US stock market from closing at a fresh record high. Dollar has lost some sheen overnight.

Asian markets are trading marginally weaker. However, the most positive news for Rupee remains the big sell-off in oil prices. The spike to near 67 on Brent crude first month, after the news of extension of production cuts by OPEC+, faded quickly and oil is now at 62.60 on Brent. This means Rupee can open stronger today, around 69.85 levels on spot. However, RBI intervention would remain and hence the downside drift can remain very slow.

In economic news, the Caixin China Composite Output Index fell further to 50.6 in June from the month before, dragged down by both the manufacturing and services sectors. While the gauge for new orders dropped further it stayed in positive territory. The measure for new export business meanwhile returned to contractionary territory. The weakening of foreign demand was obvious. The employment gauge fell further into contractionary territory, reflecting pressure on the jobs market, which was chiefly due to the reduced capacity of the services sector to absorb labour.

Economic data continues to be horrendous, not just in India but around the globe. Not just today's Chinese PMI but over this week major economies released PMI surveys for the month of May and they were quite poor. . It is not just PMI, another bell weather of global trade, South Korean exports tanked in June, highlighting ongoing weakness in tech demand and the economy's acute sensitivity to international trade tensions. Exports dropped 13.5% in June from a year earlier, falling for a seventh straight month. Interestingly, the slide in semi-conductor shipments, which is well correlated with EM economic growth and global spend on technology has slid 25.5%.

Poor economic data around the globe has convinced market that Fed will follow other central banks in lowering policy rates. As a result, the US long bond yield continued to fall. The 10 year yield is now at 1.95, lowest level since November 2016 and the yield curve continues to bull invert.

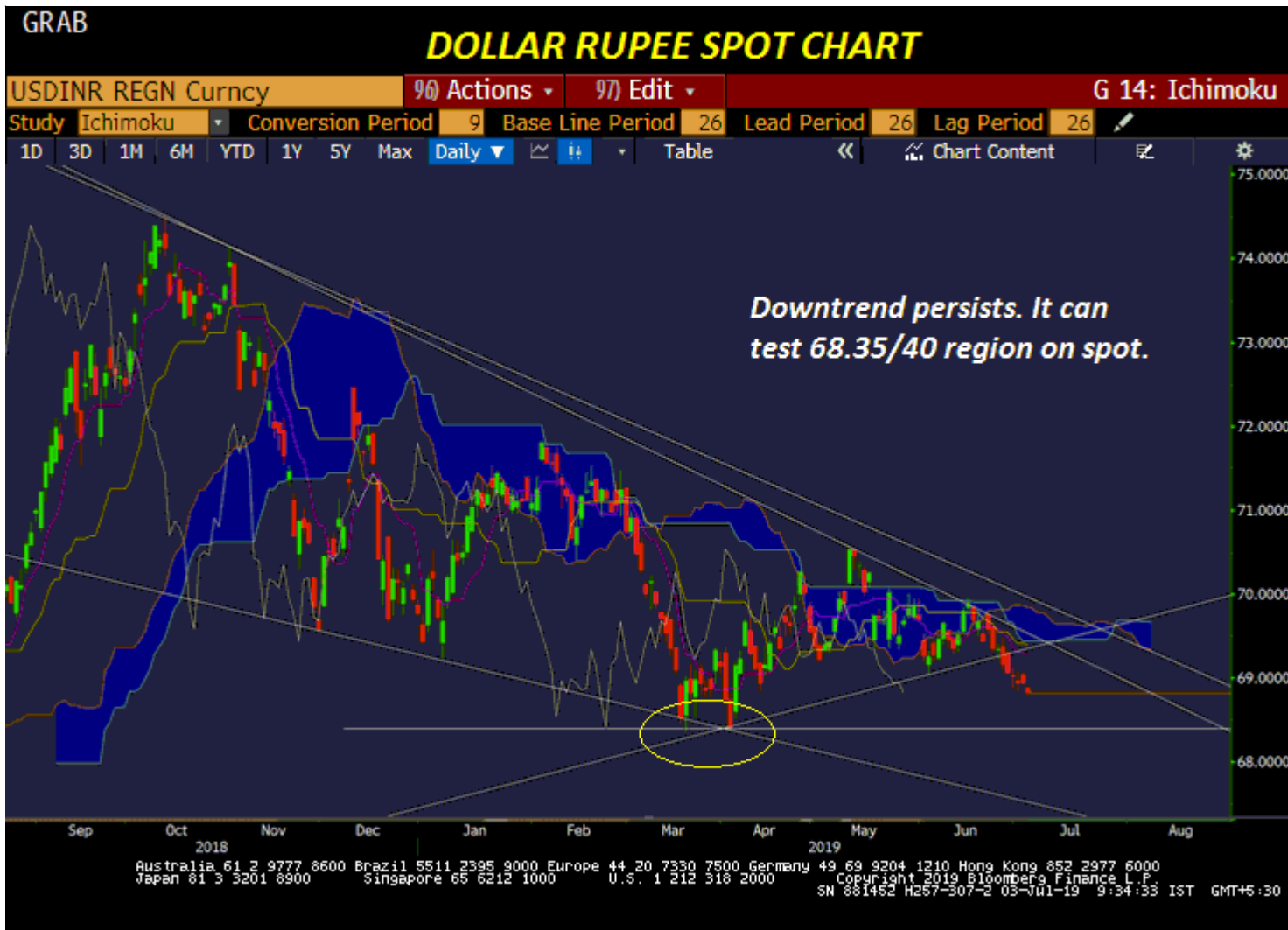
In other news, European officials nominated Christine Lagarde, the International Monetary Fund's current leader, to succeed Mario Draghi as European Central Bank president. She is seen as dove and hence we do not expect the Eurozone rates or Euro to react bullishly to this piece of news. If someone from Bundesbank would have been appointed, it could be bullish for rates and Euro.

TECHNICAL VIEW & RUPEE CROSSES:

Primary downtrend remains intact in USD/INR. However, the speed with which the pair should have moved is missing. As a result, our trading approach remains the same to wait for a counter trend bounce, to go short on the pair. Resistances are: between 69.10/20 zone and then 69.35/40 zone on spot. Support is between 68.80/85, followed by 68.30/35 levels on spot.

In Rupee crosses, EUR/INR sports a bearish structure and hence trade remains to sell on rise as long as the pair holds below 79.00 on spot. On GBP/INR structure remains firmly bearish and hence sell on rise.

**** CHART ON NEXT PAGE ****



Source: Bloomberg

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