

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	68.70	-0.01%	0.2%	7%
EUR/INR	79.62	-0.24%	-0.4%	5%
GBP/INR	89.46	-0.59%	-1.1%	6%
JPY/INR	61.52	-0.15%	-0.6%	7%
EUR/USD	1.1591	0.05%	-0.6%	-2%
GBP/USD	1.3020	0.02%	-1.3%	-1%
USD/JPY	111.68	0.02%	1.0%	1%
USD/CNH	6.8870	0.08%	3.2%	2%
10 YR YIELD- IN	7.75	0.03	(0.13)	1.32
10 YR YIELD- USA	2.99	0.00	0.16	0.77
GOLD (\$/Oz)	1,207	0.0%	-4%	-5%
SILVER (\$/Oz)	15.30	-0.1%	-5%	-8%
BRENT CRUDE (\$/Brl)	73.40	-0.1%	-6%	41%
COPPER 3M (\$/Ton)	6140	-0.5%	-6%	-3%
NIFTY	11330	0.75%	5.88%	13%
HANGSENG	27680	-0.13%	-3.03%	1%
S&P 500	2827	0.49%	4.20%	14%
INR 1M FWD	0.25	(0.00)	0.01	(0.00)
INR 2M FWD	0.52	(0.01)	0.01	0.01
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	3.01	0.01	0.02	0.20
	1 DAY	MTD	QTD	YTD
FII INVESTMENT- EQ (\$ Mn)	(40)	(40)	168	(454)
FII INVESTMENT- DEBT (\$ Mn)	201	201	306	(5,803)
TOTAL- (\$ Mn)	161	161	474	(6,257)

CURRENCY	ECONOMIC EVENT
GBP	Services PMI
USD	NFP & ISM Non-Manufacturing PMI

INDIA NEWSWIRE

1. India may again delay the imposition of higher duties on 29 key imports from the US set to go live from August 4.
2. According to media reports, after the initial public offerings of General Insurance Corp and New India Assurance last year, the Centre is planning to reduce its stake further with OFS later this year.

WORLD NEWSWIRE

1. In US, Challenger, Gray & Christmas. Job cuts in July fell to their lowest level in 20 months. While it is good news, the trouble is that, at full employment, there is actually a labor shortage in parts of the US economy.

FX VIEW

The range of 68.25-30 and 69.00-69.10 is alive and kicking. Yesterday, it was the risk aversion in the EM equities that spilled over into the emerging market currencies. Weakness in EM currencies pulled Dollar Rupee from the intra-day low of 68.25 to 68.70 on spot. Overnight, US equities were mixed and today Asian markets are mixed bag, though Hong Kong and Chinese markets are marginally lower. Keep a close eye on Chinese/HK equities and Chinese currency, any weakness like yesterday, can propel USDINR towards 69.00 handle. Trading USDINR within a range is tricky business, one has to have to patience to pick a trade closer to the extreme end of the range. With USDINR trading at 68.75, it is well within the shooting range of the central bank, who in the past, has aggressively intervened every time the pair moved above 68.80 levels on spot. Exporters should utilise the levels closer to 69.00 to enter into hedges using option structures on the exchange. Thanks to the relentless selling of USD from RBI, Rupee has managed to move from an underperforming currency in EM basket to an average performer. The question remains, would RBI continue to defend 69.00 for ever? We do not think so. RBI may be hoping that USD/Asia cools off and provides a breathing space to Rupee. Nevertheless, if CNH blows out above 7.00/7.10 levels against USD, it can trigger a bigger panic in the EMFX space, under such circumstance, RBI intervention may not be enough to keep USDINR below 69.00. In such a circumstance, USDINR can test 70.00+ levels.

At a time when global factors are stacked against the Rupee, a 10% fall in oil prices is supporting the local unit. At the same time, domestic growth continues to improve. Indicators on consumption and investment continues to point towards strong GDP growth in FY19, closer to 8.00%. However, there are areas of concern, surrounding the rural economy. Monsoon has been erratic and now private weather forecaster, Skymet has forecasted poor rains in August, taking the overall monsoon rains down to 8% deficient levels from the normal. Poor monsoon may hurt rural India further and cause agri distress. Any aggravation in the rural distress has political implication. Three major state elections are a few months away and the national elections are less than a year away. Increase in political risk would further discourage carry trade interest in Rupee, cause the currency to underperform its peers.

On majors, traders will keep a close eye on the US jobs data (NFP) tonight. Market is expecting NFP to show job growth of nearly 2 lakhs in June, unemployment rate to tick 10 bps lower and earning growth to accelerate 10 bps. EURUSD is vulnerable and a strong NFP can push the pair lower towards 1.1450 levels. GBPUSD is weak too and test 1.2950. USDJPY is strong and can test 113.00 levels.

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