

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	70.53	1.30%	3.0%	2%
EUR/INR	78.47	1.52%	1.8%	-1%
GBP/INR	85.72	1.55%	-0.2%	-4%
JPY/INR	66.44	1.79%	5.1%	7%
EUR/USD	1.1127	0.17%	-0.9%	-4%
GBP/USD	1.2153	-0.07%	-2.9%	-6%
USD/JPY	106.02	-0.54%	-2.3%	-5%
USD/CNH	7.0766	1.42%	2.6%	3%
10 YR YIELD- IN	6.40	0.05	(0.30)	(1.37)
10 YR YIELD- USA	1.78	(0.07)	(0.26)	(1.17)
GOLD (\$/Oz)	1,453	0.8%	4%	20%
SILVER (\$/Oz)	16.47	1.6%	10%	8%
BRENT CRUDE (\$/Brl)	61.13	-1.2%	-5%	-17%
COPPER 3M (\$/Ton)	5730	-2.9%	-3%	-7%
NIFTY	10815	-1.66%	-8.44%	-5%
HANGSENG	26153	-2.84%	-9.11%	-6%
S&P 500	2932	-0.73%	-1.95%	3%
INR 1M FWD	0.24	0.01	(0.01)	(0.01)
INR 2M FWD	0.46	0.00	(0.05)	(0.05)
INR 3M FWD	0.71	0.00	(0.07)	(0.04)
INR 6M FWD	1.45	0.00	(0.15)	(0.06)
INR 12M FWD	2.99	0.01	(0.33)	(0.00)
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(169)	(169)	(2,103)	9,236
FII INVESTMENT- DEBT (\$ Mn)	(159)	(159)	1,067	2,495
TOTAL- (\$ Mn)	(328)	(328)	(1,037)	11,730

CURRENCY	ECONOMIC DATA
GBP	Services PMI
USD	ISM Non-Manufacturing PMI

INDIA NEWSWIRE

1. Around two lakh jobs have been cut across automobile dealerships in India in the last three months as vehicle retailers take the last resort of cutting manpower to tide over the impact of the unprecedented sales slump, according to industry body FADA.

FX VIEW

War and markets. It is "war" of different shades, that the currency and with it rest of all the markets have negotiate this week. First up is the trade war between China and US, which has got a leg up after China said to have asked its businesses from halting all imports of agricultural produce from US. Dollar CNH, offshore Yuan, has breached the much watched 7 handle. It is quoting almost 7.10, up over 1.5%. The maginot line has fallen, invaders are inside. Question remains, how far will PBOC allow it to run, before they begin there sledgehammer of an intervention. Technically, the pair can aim for 7.80/7.90. Weakness in Yuan has knocked the floor under global equity markets as well as EM currencies. Alongwith the trade war, keep an eye on the escalating tensions in Hongkong. Chinese authorities are incensed over the unrest in HK. These can add fuel to the fire in the risk off trends in that part of the world.

If trade war was not enough, there is now geopolitical war brewing along the LOC between India and Pakistan. There are media reports of Gol having imposed curfew in Kashmir and also the communications have been limited. Tourists and journalists have been asked to leave Kaahmir. Expectations are that Gol may announce some key decisions on Kashmir post cabinet meeting today. We need to keep a close eye on the matters in Kashmir as it has potential to trigger cross border reactions from Pakistan. There are reports of two armies engaging each other across the Line of Control for the past few days. With global risk sentiments fragile, any escalation in the tensions between India and Pakistan can cause Rupee to depreciate significantly and also hammer domestic equity markets further.

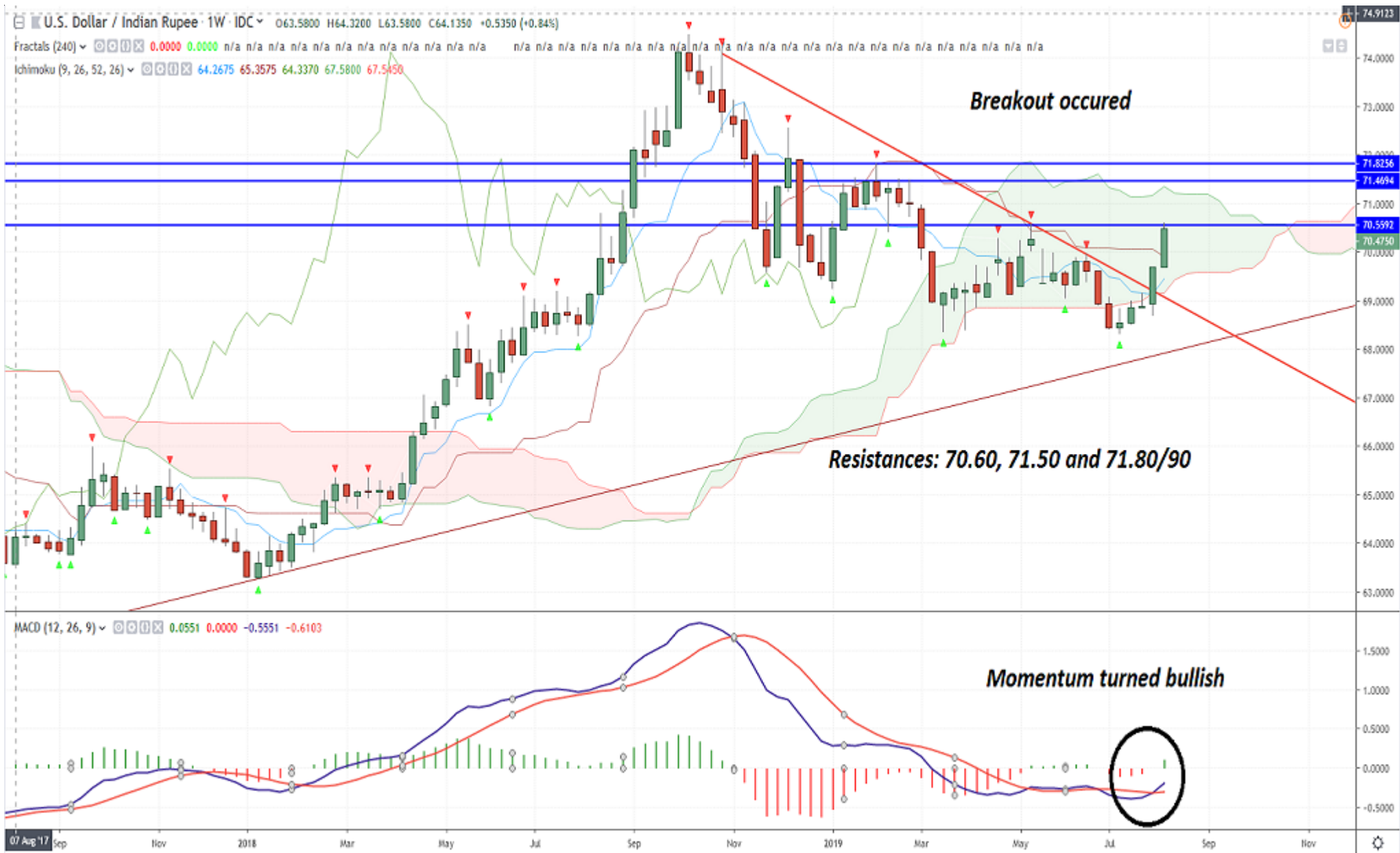
Indian bond market will be closely following the outcome from the RBI's monetary policy meeting mid-week, where the central bank is expected to lower rates by 25 bps. With growth is a slow lane and distress in the key areas of the economy: shadow banks, real estate, consumer and MSMEs, pressure in growing on RBI to embark on substantial reduction in the real rates. We expect RBI to indicate more cuts in the policy rates, in its monetary policy guidance. Post policy, bond prices can rise but there may not be much respite for Rupee. In a risk-off environment, a reduction in rates is either neutral or negative.

In global markets, it is mostly a data light week. GBP retains a negative bias largely thanks to markets rapidly ramping up their expectations for a 'no deal' Brexit outcome on October 31 in response to the more robust approach adopted on the matter by the new administration of Boris Johnson. Second quarter GDP and services PMI for July will be watched.

TECHNICAL VIEW & RUPEE CROSSES:

USDINR reversed its downtrend on Friday, when it closed above 70.50 on spot. Trend is upward. Today USDINR is finding resistance around May highs of 70.60 levels on spot. if USDINR manages to sustaun above 70.60 it can aim for 71.50/71.80 zone on spot. On crosses, we continue to remain bullish on JPYINR. Buy on decline.

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Source: TradingView

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