

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	71.58	0.50%	3.8%	11%
EUR/INR	82.71	0.04%	4.0%	8%
GBP/INR	91.77	0.14%	2.9%	10%
JPY/INR	64.17	0.02%	3.8%	9%
EUR/USD	1.1598	0.14%	0.4%	-3%
GBP/USD	1.2862	0.05%	-0.6%	-1%
USD/JPY	111.53	0.11%	0.1%	2%
USD/CNH	6.8538	0.06%	-0.2%	5%
10 YR YIELD- IN	8.06	0.06	0.30	1.57
10 YR YIELD- USA	2.90	0.00	(0.05)	0.84
GOLD (\$/Oz)	1,193	0.2%	-1%	-11%
SILVER (\$/Oz)	14.15	0.0%	-7%	-21%
BRENT CRUDE (\$/Brl)	77.89	-0.4%	6%	46%
COPPER 3M (\$/Ton)	5815	-2.5%	-6%	-16%
NIFTY	11520	-0.54%	1.40%	16%
HANGSENG	27538	-1.56%	-0.50%	-1%
S&P 500	2897	-0.17%	1.98%	18%
INR 1M FWD	0.28	0.02	0.03	0.06
INR 2M FWD	0.52	0.00	0.01	0.07
INR 3M FWD	0.77	(0.00)	0.02	0.08
INR 6M FWD	1.49	(0.00)	(0.02)	0.11
INR 12M FWD	3.01	(0.00)	0.01	0.24
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	203	203	133	(489)
FII INVESTMENT- DEBT (\$ Mn)	(103)	(103)	356	(5,753)
TOTAL- (\$ Mn)	100	100	489	(6,241)

CURRENCY	ECONOMIC EVENT
GBP	Services PMI

INDIA NEWSWIRE

- SEBI has refuted claims that \$75 billion will flow out of India if it implements its ban on NRIs and PIOs) from holding beneficial ownership in foreign portfolio investment vehicles.

FX VIEW

For five years Dollar Rupee struggled to score a fresh all time high above 69. Last two months, scenario has flipped on its head. The pair is now printing record highs with absolute ease. So strong is the uptrend, that yesterday the pair refused to trade within the daily price range of Monday. It closed at a life high of 71.57 on spot. For emerging market currencies, liquidity vanishes once the pair enters a strong trend. In 2017 it was the turn of Rupee bulls to go on a rampage. This time, the dollar bulls are on a similar path. Last year, importer demand for dollar vanished; this year exporters are turning their back. In such situations, unless RBI intervenes, speculators along with distressed buyers or sellers of Dollars, can take prices too far too fast.

Overnight US stock market closed marginally in the red. However, European equities were down over a percent, reacting to risk off vibes in EMs. US markets got the support from a strong ISM manufacturing print for August, which jumped to highest level since 2004. Dollar too drew support from a strong ISM release. Going into NFP, market now expects a decent job growth for August. A stronger NFP can drive the Dollar even higher.

We also need to keep an eye on trade war headlines. Thursday is the deadline for comments on US administration's proposal to place 25% tariffs on almost all that is imported from China. If US goes ahead and imposes the tariffs, which mostly likely will be met with retaliatory action from China, it can add more pressure on CNH and other EM currencies, including the Rupee.

On a positive development, Oil prices have backed off from the 80 handle on Brent that it almost touched yesterday. With hurricane season underway in the Atlantic, prices can remain extremely volatile. However, if oil prices fall back towards 70-75, it can offer respite to sell-off in Rupee. As a result, we can expect a gap down opening in USDINR, possibly around 71.35 levels on spot, down around 22 paise from yesterday's close.

TECHNICAL VIEW:

Technically, USDINR remains within a primary uptrend. Unless prices are closing below 69.00, any sharp correction, 1-1.5%, is an opportunity to enter fresh longs on USD and short on INR. However, over the near term, a corrective dip cannot be ruled out. For the day, we would remain buyers closer to 71.00 levels on spot, with stops on a daily closing basis below 71.00. Upside targets are round numbers, viz., 71.50 and 72.00 on spot. Nevertheless, in case of a close below 71.00, downside targets will be 70.70 and 70.40 in the corrective trend.

On Rupee crosses, EURINR is in need for a correction. Therefore, we would wait for a EURINR to dip towards 81.00 levels on spot, before attempting fresh longs. On GBPINR, we would wait for a decline towards 91.00/90.50 zone before attempting fresh longs. GBP will be driven by headlines on Brexit. On JPYINR, we would remain bullish and look to buy the dips as long as prices hold above 62.00 on spot. JPYINR has been a solid proxy for the EM risk off move this year. For the day, key data to consider for the GBP traders will be UK services PMI. Brexit headlines has turned again supportive for GBP as EU has indicated that they are looking to soften stance on Irish border issue.

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