

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	68.82	0.24%	-1.2%	0%
EUR/INR	77.16	0.18%	-2.1%	-5%
GBP/INR	86.07	0.13%	-2.6%	-7%
JPY/INR	63.23	0.11%	-1.5%	2%
EUR/USD	1.1211	-0.03%	-0.9%	-5%
GBP/USD	1.2506	-0.07%	-1.4%	-6%
USD/JPY	108.76	0.04%	0.3%	-2%
USD/CNH	6.8891	0.00%	-0.8%	4%
10 YR YIELD- IN	6.58	0.01	(0.40)	(1.32)
10 YR YIELD- USA	2.03	(0.01)	(0.05)	(0.82)
GOLD (\$/Oz)	1,395	-0.1%	5%	11%
SILVER (\$/Oz)	15.05	0.1%	2%	-7%
BRENT CRUDE (\$/Brl)	63.97	-0.2%	1%	-18%
COPPER 3M (\$/Ton)	5892	-0.2%	2%	-6%
NIFTY	11523	-0.31%	-2.93%	6%
HANGSENG	28096	-0.83%	4.19%	-2%
S&P 500	2976	-0.48%	3.57%	7%
INR 1M FWD	0.26	0.01	0.02	(0.01)
INR 2M FWD	0.49	0.00	0.01	(0.01)
INR 3M FWD	0.74	(0.04)	0.02	(0.01)
INR 6M FWD	1.54	(0.06)	0.10	0.04
INR 12M FWD	3.23	(0.09)	0.30	0.27
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>CTD</b>
FII INVESMENT- EQ (\$ Mn)	87	(368)	(368)	10,971
FII INVESMENT- DEBT (\$ Mn)	288	486	486	1,914
TOTAL- (\$ Mn)	375	118	118	12,885

CURRENCY	ECONOMIC DATA
USD	Fed Chair Powell Speaks

#### INDIA NEWSWIRE

1. Finance Minister Nirmala Sitharaman on Monday ruled out any clarification on the surcharge on the foreign portfolio investors, at least for now. She said , "I don't think a clarification is required at the moment. We will take it as it comes".

#### WORLD NEWSWIRE

1. Tensions between Tokyo and Seoul intensified when Japan's PM imposed new restrictions on exports that could hit South Korea's tech industry

#### FX VIEW

Overnight US markets closed in the red on the back of sell off in the shares of Apple. Asian equities are trading mostly flat with Asian currencies showing some weakness against Dollar. Crude oil prices are weak, with Brent crude holding below 64 handle.

Rupee has depreciated by 25 paise yesterday on the back of steep sell off in Indian stocks. However, Goisec yields continue to fall, with 10 year yields now below 6.60%. With interbank liquidity at a sizable surplus, low oil prices, soft yield environment in DMs, FCY sovereign bonds and possibility of more rate cuts from RBI, Indian 10 year yields can test 6.17/20% support. This will be positive for Rupee.

Inflows are expected to pick up by way of higher FDI flows and increased FCY borrowings by Corporates. FPI flows can be mixed as debt can continue to attract flows, whereas equity segment can witness further outflows. FPIs are miffed at the higher surcharge on capital gains tax. Unless GoI rolls back the higher taxes on FPIs, selling may continue in stocks.

This week, focus will turn to US Fed. Federal Reserve Chairman Jerome Powell will be delivering his semi-annual Monetary Policy Report to Congress on Wednesday and Thursday, and the FOMC will also release its June meeting minutes on Wednesday. After a strong jobs report, there are some concerns that what if Fed does not lower rates in July meeting? However, Fed fund futures market is pricing a near 100% probability of a cut. Therefore, traders may parse through the testimony of Fed chair to gauge the next move of Fed. It will be quite surprising if Fed decides to shock the credit market and other financial assets but denying an expected rate cut. Though the probability of such a move remains quite low, but if it occurs, it will no doubt send Dollar soaring higher, yield curve invert even deeper and stock markets bruised.

#### TECHNICAL VIEW & RUPEE CROSSES:

Primary downtrend remains intact in USDINR. However, the pair failed to break below its 4 month range bottom around 68.35/40 levels on spot. USDINR has bounced back towards 68.85 levels on spot. We would be on sidelines as of now and wait for the counter trend move to show signs of exhaustion, before entering fresh shorts on USDINR. There are several resistances: 68.80/85, 69.05, 69.20/25 and 69.40/45 levels on spot.

In Rupee crosses counter trend bounce is underway. EURINR can correct higher, towards 77.60/78.30 zone, where fresh shorts can be entered. On GBPINR structure remains firmly bearish but a counter trend bounce can take prices all the way upto 87.50/88.00 levels, where fresh shorts can be entered. On JPYINR, bias remains bullish as long as the pair holds above 62.80 levels on spot on a daily closing basis.



Source: Bloomberg

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