

| INSTRUMENT                   | LAST PRICE   | 1 DAY      | 1 MONTH    | 1 YEAR     |
|------------------------------|--------------|------------|------------|------------|
| USD/INR                      | 68.36        | -0.32%     | -1.6%      | -1%        |
| EUR/INR                      | 77.04        | 0.15%      | -2.0%      | -5%        |
| GBP/INR                      | 85.64        | 0.16%      | -3.0%      | -6%        |
| JPY/INR                      | 63.32        | 0.14%      | -1.1%      | 2%         |
| EUR/USD                      | 1.1270       | 0.17%      | -0.5%      | -3%        |
| GBP/USD                      | 1.2528       | 0.21%      | -1.5%      | -5%        |
| USD/JPY                      | 107.97       | -0.45%     | -0.5%      | -4%        |
| USD/CNH                      | 6.8689       | -0.05%     | -0.8%      | 2%         |
| 10 YR YIELD- IN              | 6.53         | (0.02)     | (0.51)     | (1.35)     |
| 10 YR YIELD- USA             | 2.04         | (0.02)     | (0.10)     | (0.81)     |
| GOLD (\$/Oz)                 | 1,420        | 0.1%       | 7%         | 14%        |
| SILVER (\$/Oz)               | 15.25        | 0.0%       | 3%         | -4%        |
| BRENT CRUDE (\$/Brl)         | 67.12        | 0.2%       | 8%         | -9%        |
| COPPER 3M (\$/Ton)           | 5940         | 2.0%       | 1%         | -6%        |
| NIFTY                        | 11553        | 0.47%      | -3.45%     | 6%         |
| HANGSENG                     | 28424        | 0.78%      | 2.29%      | 0%         |
| S&P 500                      | 2993         | 0.45%      | 3.72%      | 8%         |
| INR 1M FWD                   | 0.24         | 0.01       | (0.01)     | (0.01)     |
| INR 2M FWD                   | 0.49         | 0.02       | 0.01       | (0.03)     |
| INR 3M FWD                   | 0.74         | (0.01)     | 0.02       | (0.04)     |
| INR 6M FWD                   | 1.56         | 0.02       | 0.12       | 0.03       |
| INR 12M FWD                  | 3.27         | 0.05       | 0.32       | 0.27       |
|                              | <b>1 DAY</b> | <b>MTD</b> | <b>QTD</b> | <b>CTD</b> |
| FII INVESTMENT- EQ (\$ Mn)   | (128)        | (544)      | (544)      | 10,795     |
| FII INVESTMENT- DEBT (\$ Mn) | 273          | 953        | 953        | 2,381      |
| TOTAL- (\$ Mn)               | 145          | 409        | 409        | 13,176     |

| CURRENCY | ECONOMIC DATA         |
|----------|-----------------------|
| INR      | Industrial Production |
| INR      | CPI                   |

### FX VIEW

Overnight, US stock markets rallied to a record high, with DJIA topping 27,000 mark. Dollar was largely flat during the US session and we are not seeing much of movement during the early Asian trade. Oil prices are steady, with Brent just under 67 dollars mark as oil companies in the Gulf of Mexico, US, reduced more than 1 million barrels per day of output, or 53% of the region's production, due to Tropical Storm Barry. Indian Rupee has not moved much in the offshore market, last night, holding around 68.45 levels on spot reference.

Indian bond market continue to witness the glorious Bull Run, with yields falling across the curve. Abundant liquidity in the money market, willingness of RBI to lower rates, Gol's FCY bond issuance and steady oil prices have all contributed to persistently lower yields. Lower yields in the sovereign market would translate into lower yields in corporate bond market as well, in areas where there are no stress. However, lower yields have not lead to either lowering of the weight average lending rate from banks or in lowering of the weighted average deposit rates of the banks. Therefore, the only way RBI can look to provide benefit to the corporate borrowers in through lower rates in the bond market. Having said that, bulk of the corporate borrowing occurs through banks and NBFCs, which have not reflected to bearish view on rates. At the same time, stress in NBFC sector has led to significant tightening of lending standards both in lending to MSMSEs and individuals. This has crimped the availability of credit to these sectors. Unless, the cost of credit from banks and availability of credit through non-banks are sorted, it would be difficult revive credit growth meaningfully in the economy. Credit remains the lifeblood of an economy, therefore, if credit growth is low, so will be deposit growth and also demand.

Overnight in economic data, U.S. underlying consumer prices increased by the most in nearly 18 months in June amid solid gains in the costs of a range of goods and services, but will probably not change expectations the Federal Reserve will cut interest rates this month. In other news, minutes of the last meeting of the European central bank is out and in that there was already "broad agreement" on the matter last month and a rate cut, a new change to the ECB's policy guidance and even new asset purchases were all on the table. Hence, it is clear that globally, central banks, and wherever possible, fiscal authorities are in active duty to reflate demand. The spanner in the works would be if Sino-US trade spat returns.

Today, in major economic data from India, industrial production for May is expected to show slower growth at 2.8% from 3.4% in April (y/y). CPI inflation is expected to inch up marginally to 3.2% in June from 3.05% in May.

### TECHNICAL VIEW & RUPEE CROSSES:

Primary downtrend is intact in USDINR. We would be sellers on rise as the pair faces strong resistance between 68.70/90 region on spot. Maintain stop above 69.00 levels on spot for short positions on USDINR. Support is around 68.30, followed by 68.00 and 67.70 levels on spot.

In Rupee crosses, EURINR sports a bearish structure and hence trade remains to sell on rise as long as the pair holds below 79.00 on spot. On GBPINR structure remains firmly bearish and hence sell on rise with stop above 90.00 on a closing basis. On JPYINR, wait for a pullback in the 62.50/63.00 on spot, before attempting fresh long position and maintain stop below 62.00 on a daily closing basis.

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



Source: TradingView

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