

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR	
USD/INR	70.99	-0.20%	-0.6%	-2%	
EUR/INR	78.57	0.19%	-1.9%	-6%	
GBP/INR	87.66	0.03%	1.6%	-7%	
JPY/INR	65.66	-0.32%	-1.7%	1%	
EUR/USD	1.1068	0.03%	-0.9%	-5%	
GBP/USD	1.2348	0.11%	2.4%	-6%	
USD/JPY	108.13	0.03%	1.3%	-4%	
USD/CNH	7.05	-0.29%	0.5%	3%	
10 YR YIELD- IN	6.66	(0.00)	0.14	(1.47)	
10 YR YIELD- USA	1.79	0.01	0.08	(1.18)	
GOLD (\$/Oz)	1,498	-0.1%	0%	25%	
SILVER (\$/Oz)	18.07	-0.1%	7%	28%	
BRENT CRUDE (\$/Brl)	60.18	-0.3%	-2%	-23%	
COPPER 3M (\$/Ton)	5833	1.0%	2%	-3%	
NIFTY	10977	-0.1%	0.5%	-3.5%	
HANGSENG	27186	0.4%	7.5%	0.6%	
S&P 500	3010	0.3%	2.8%	3.6%	
INR 1M FWD	0.26	0.01	0.04	(0.02)	
INR 3M FWD	0.77	0.00	0.06	(0.07)	
INR 12M FWD	3.15	0.01	0.22	(0.06)	
USDINR 1 MONTH ATM IV	6.36	0.09	(0.71)	(1.71)	
USDINR 3 MONTH ATM IV	6.43	0.06	(0.45)	(1.57)	
		1 DAY	MTD	QTD	CTD
FII INVESMENT- EQ (\$ Mn)	81	(723)	(4,856)	6,483	
FII INVESMENT- DEBT (\$ Mn)	(20)	442	3,261	4,689	
TOTAL (\$ Mn)	61	(281)	(1,595)	11,172	

CURRENCY	ECONOMIC DATA
USD	Retail Sales
USD	Prelim UoM Consumer Sentiment

TECHNICAL VIEW

Currency pair ==> USDINR spot

View = Intermediate trend turns down below 71.40 on spot.

Trade = If the pair trades below 71.40 and sustains, reverse to short for a target of 71.00 and even 70.80.

Currency pair ==> GBPUSD spot

View = Intermediate trend remains bullish.

Trade = Buy between 1.2295/1.2320 TP 1.2400/1.2450 SL 1.2370

MACRO VIEW

- Yesterday India's frontline equity indices snapped five-day winning streak and closed lower, weighed by auto & commodity stocks. Rupee gained by 53 paise to close at 71.13 on spot. Once the pair broke below 71.40 on spot, large speculators entered shorts as a breakdown was signalled on the charts. Indian 10 year bond yields softened 2 bps at 6.66%. Bond yields have hardened quite a bit since the July lows of 6.25%. Technically, as long the yields are holding above 6.60%, trend remains upward. Yield can rise towards 6.80% levels over the near term.
- India's retail inflation (CPI) rate in August grew 3.21 percent, remaining within Reserve Bank of India's target level of 4 percent. Core inflation being stable at 4.3 per cent. Core-core inflation, a proxy for demand conditions in the economy has remained less than 5 per cent since April 2019. The Index of Industrial Production rose by 4.3 per cent in July, against 1.2 per cent in the previous month. Manufacturing output, which accounts for more than three-fourths of the entire index, grew 4.2 percent in July, a sharp fall from the 7 percent growth a year ago.
- Overnight European and US stocks gained between 0.5% to 1% on the back of fresh stimulus from the European central bank and hints from the US President that he remains open to strike an interim trade deal with China, even if a comprehensive deal may take time. US treasury yields continued their ascent. 10 year is trading at 1.79% and 30 year at 2.26%. Spread between 10 and 2 and 30 and 3 month has turned firmly positive, auguring well for risk assets and EM currencies. Historically, start of QE has co-incided with bottom in long bond yields as it is seen as a reflationary play. ECB restarted QE.
- Asian equity indices are all in the green. Dollar CNH is trading around 7.06 below USDCNY at 7.07. Negative spread between CNH and CNY pair is a sign of lack of depreciating pressure on Yuan. Keep an eye on this spread. When the spread turns firmly positive it can be warning sign for EM currencies.
- Brent crude oil is trading above the 60 handle. Gold is trading lower at 1505 levels.
- EUROUSD yo-yoed after ECB policy last evening. ECB started QE at the rate of 20 billion euros of asset purchase every month. They reduced deposit rates to negative 50 bps with tiering system. However, Bloomberg reported strong disagreement amongst members of ECB over re-starting of QE and that may have triggered the short squeeze in Euro. Such disagreement over a major monetary policy measure has never been seen during Draghi's eight-year tenure. A counter trend bounce is underway in EURUSD and that may run into resistance around 1.11/1.1130 zone. Intermediate trend remains downward in the pair.

*** CHART ON NEXT PAGE ***



Source: TradingView

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