

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.93	1.57%	2.0%	8%
EUR/INR	79.53	0.82%	-0.1%	5%
GBP/INR	89.13	1.40%	-0.9%	7%
JPY/INR	63.12	-0.24%	3.3%	7%
EUR/USD	1.1410	0.00%	-2.6%	-3%
GBP/USD	1.2769	-0.02%	-3.5%	-2%
USD/JPY	110.79	0.08%	-1.4%	1%
USD/CNH	6.8962	-0.04%	2.8%	3%
10 YR YIELD- IN	7.82	0.07	0.03	1.32
10 YR YIELD- USA	2.88	0.00	0.05	0.66
GOLD (\$/Oz)	1,196	0.2%	-4%	-7%
SILVER (\$/Oz)	15.06	0.4%	-5%	-12%
BRENT CRUDE (\$/Brl)	72.88	0.4%	-3%	44%
COPPER 3M (\$/Ton)	6154	-0.6%	-1%	-4%
NIFTY	11356	0.00%	3.06%	16%
HANGSENG	27635	-1.08%	-3.12%	1%
S&P 500	2822	-0.40%	0.74%	14%
INR 1M FWD	0.26	0.01	(0.00)	0.02
INR 2M FWD	0.50	0.00	0.01	0.03
INR 3M FWD	0.76	0.01	0.02	0.03
INR 6M FWD	1.54	0.04	0.06	0.12
INR 12M FWD	3.01	0.02	0.07	0.26
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>YTD</b>
FII INVESTMENT- EQ (\$ Mn)	193	407	615	(7)
FII INVESTMENT- DEBT (\$ Mn)	53	854	959	(5,150)
TOTAL- (\$ Mn)	246	1,261	1,574	(5,157)

CURRENCY	ECONOMIC EVENT
GBP	Employment report
EUR	GDP & ZEW

### INDIA NEWSWIRE

1. India's CPI dropped to a nine-month low of 4.17 per cent in July from 4.92 per cent in the previous month. There was significant fall in food inflation from 2.97 per cent in June to 1.37 per cent in July led to cooling down overall inflation.
2. Micro and small enterprises are getting more and more optimistic about their business prospects. The CriSidEx index, which measures sentiment among micro and small enterprises (MSEs) rose to a three-quarter high of 127 in the first quarter of the current financial year, up from 121 in the fourth quarter of the previous financial year.

### WORLD NEWSWIRE

1. Turkish Central Bank comes out with a set of regulations towards the liquidity management. Increased reserve ratio by 250 basis across the curve which would release as much as 10 bn lira, \$6 bn dollars and \$3 bn worth of gold. It eased collateral rules and tripled the amount of Liras banks can borrow in return for their Fx holdings to Euro 20 bn.
2. China stats bureau said that yuan has been affected by the Fed rate hike cycle.

### FX VIEW

India's retail inflation for July came in lower than expected at around 4.17%, below consensus call of 4.51% and also lower than June of nearly 5%. At the open this should help the Indian Goisecs, which can see 10 year yields decline by around 6-8 bps, towards 6.75%. Rally in domestic bonds coupled with a recovery in major currencies like Euro and GBP against USD should help the Rupee to open a bit higher, around 69.90 levels on spot. Asian currencies are mostly trading flat against USD. However, we need to keep an eye on the Turkish Lira. USDTRY is trading short of the 7 handle, a level which has been cited by various foreign banks as a level above which Turkish a part of the banking system could face a solvency issues. Turkish businesses have unhedged foreign currency debt on the books which can turn sour as the Lira weakens. Apart from Turkey, there is not much of risk to the Rupee at the moment. Hence, once the Turkish situation calms, we can expect normalcy to return in global markets as well as the Rupee. Having said that, after yesterdays, 1.50% decline in Rupee, short sellers are skeptical about taking further shorts at these levels. However, 70 handle is a psychologically important and we would not be surprised if there are various digital options clustered around that level in the offshore market. Sellers of such options would be eager to keep USDINR below 70.00 handle. At the same time, there is also risk that RBI may become aggressive today as the currency is threatening to cross above 70.00. Therefore, though the technical trend and the intermarket momentum favours USDINR longs but one needs to enter on decline, rather than chase momentum.

Technical trend remains upward as long as the pair holds above 69.00 on spot. Therefore tactical longs need to maintain stop and reverse below 69.00 on spot. Resistance is around 70.00/70.10. In case the pair manages to cross above 70.00 and sustain, then we can play for a trend extension towards 71.50/72.00 zone on spot.

On majors, EURINR is buy on dips with stop on a closing below 78.00 on spot. Resistance is closer to 80.50 on spot. GBPINR is a sell on rise towards 90.00 on spot, with stop above 90.60 on spot. JPYINR remains a buy on decline with stops below 60.00 on spot. Larger trend supports a move towards 65.50/66.00 levels on spot.

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