

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	70.24	0.48%	2.4%	9%
EUR/INR	79.84	0.16%	-0.7%	6%
GBP/INR	89.31	0.63%	-2.0%	8%
JPY/INR	63.33	0.77%	3.6%	9%
EUR/USD	1.1372	0.24%	-2.9%	-3%
GBP/USD	1.2715	0.14%	-3.9%	-1%
USD/JPY	110.82	0.07%	-1.3%	1%
USD/CNH	6.9228	-0.35%	3.2%	3%
10 YR YIELD- IN	7.82	(0.01)	0.03	1.30
10 YR YIELD- USA	2.88	0.01	0.02	0.65
GOLD (\$/Oz)	1,172	-0.3%	-6%	-9%
SILVER (\$/Oz)	14.47	0.2%	-8%	-15%
BRENT CRUDE (\$/Brl)	70.98	0.3%	-1%	41%
COPPER 3M (\$/Ton)	5801	-4.0%	-7%	-9%
NIFTY	11435	0.70%	3.78%	17%
HANGSENG	27184	-0.51%	-4.75%	-1%
S&P 500	2818	-0.76%	0.71%	14%
INR 1M FWD	0.26	(0.00)	(0.00)	0.02
INR 2M FWD	0.52	0.00	0.02	0.02
INR 3M FWD	0.75	(0.01)	(0.01)	0.02
INR 6M FWD	1.49	(0.05)	(0.01)	0.07
INR 12M FWD	2.96	(0.05)	0.03	0.21
	1 DAY	MTD	QTD	YTD
FII INVESTMENT- EQ (\$ Mn)	(133)	274	481	(140)
FII INVESTMENT- DEBT (\$ Mn)	(187)	667	772	(5,337)
TOTAL- (\$ Mn)	(321)	941	1,253	(5,477)

CURRENCY	ECONOMIC EVENT
GBP	Retail Sales
USD	Housing Starts

INDIA NEWSWIRE

1. Union Minister Arun Jaitley on Wednesday said the Centre was monitoring the global situation closely, and stressed that India's macro-economic fundamentals were strong.

WORLD NEWSWIRE

1. US headline retail sales rose 0.5% in July, much faster than the projected 0.1% uptick, while the core figure advanced 0.6%, twice as much as the 0.3% consensus.
2. The Empire State manufacturing index also beat expectations by jumping from 22.6 to 25.6 instead of falling to the 20.1 consensus.

FX VIEW

While we celebrated our 72nd Independence Day and our foreign exchange and interest rates markets were shut, a lot transpired in global markets. This time it was not the Turkish soup, but rather the Chinese Dragon. China is a long term theme for EMs, something which we have covered many times in the past. Chinese currency dropped to a fresh low for 2018 as 6.95 to a dollar on the CNH. Poor earnings at Chinese giant Tencent set off a wave of worries about emerging markets. As the Chinese equity markets plunged (down over 2%), so did global markets and commodities. The Chinese concerns led to a flight to the yen and commodities like copper was down 4%, crude oil was down 3.2% and gold down was down to \$1174. US equities too declined by nearly a percent. A weaker Yuan fully overshadowed recovery in the Turkish Lira, which has recovered 18% from its lows of 7.1 against USD. Lira recovered after Turkey made positive overtures to EU and there is news of Qatar, an ally, having committed \$15 billion of investments in the country.

Yesterday, on NDF USDINR spot reference went as high as 70.80 before recovering towards 70.25 in early Asian session today. The recovery in the Rupee in the offshore market can be attributed to the news that China's Vice Commerce Minister, Wang Shouwen, will lead a delegation to the U.S. in late August, the Ministry of Commerce said on its website, adding that the visit comes at the invitation of the US. At the same time, PBOC fixed the onshore Yuan far stronger than what was being predicted by the offshore market. China would not want to show that it is willing to devalue Yuan as its delegates meet US representatives. The meeting could be held in late August. This is not a game changer, as previous such meetings have turned out to be duds. However, for now, risk assets having become oversold and dollar overbought, we are seeing a recovery in risk and decline in USD.

Today is the last trading day for this week for Rupee and hence we may see muted activity. However, technical trend remains firmly bullish for USDINR. Correction is welcome. We would remain on a tactical long on USD and would look to enter fresh longs on key pivot supports, viz., 69.70/75 and 69.40/45 levels on spot. Nevertheless, a close below 69.00 on spot would impair the bullish USD view. Resistance is around 70.50 and then 71.00 and 71.50/72.00 levels on spot.

On majors, yesterday, US economic data was solid with US retail sales, labour productivity and Empire State business survey all beating forecasts. The beats were enough to eclipse the soft IIP from US. Today traders will be keenly watching the UK retail sales report. We remain on a sell on rise mode as long as GBPINR is trading below 91.00 levels on spot. EURINR, we are on a buy on dips mode as long as the pair holds above 78.00 levels on spot. Resistance is around 80.50/70 region. JPYINR is a buy on dips > 60.00 for a target of 65.50/66.00.

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