

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR	
USD/INR	71.09	-0.10%	3.2%	2%	
EUR/INR	78.85	0.04%	1.9%	-1%	
GBP/INR	86.39	-0.20%	0.2%	-3%	
JPY/INR	66.86	-0.04%	4.4%	6%	
EUR/USD	1.1091	0.01%	-1.2%	-3%	
GBP/USD	1.2153	0.03%	-2.8%	-5%	
USD/JPY	106.34	-0.04%	-1.3%	-4%	
USD/CNH	7.05	0.12%	2.4%	3%	
10 YR YIELD- IN	6.59	0.04	0.22	(1.28)	
10 YR YIELD- USA	1.58	0.03	(0.48)	(1.28)	
GOLD (\$/Oz)	1,509	-0.3%	6%	27%	
SILVER (\$/Oz)	17.05	-0.4%	5%	16%	
BRENT CRUDE (\$/Brl)	59.26	1.1%	-5%	-17%	
COPPER 3M (\$/Ton)	5744	-0.1%	-4%	-3%	
NIFTY	11089	0.4%	-2.9%	-3.3%	
HANGSENG	26228	1.9%	-8.8%	-3.6%	
S&P 500	2889	1.4%	-3.0%	1.4%	
INR 1M FWD	0.22	(0.00)	(0.00)	(0.04)	
INR 3M FWD	0.69	(0.01)	0.00	(0.11)	
INR 12M FWD	2.90	(0.03)	(0.23)	(0.09)	
USDINR 1 MONTH ATM IV	7.08	0.03	2.10	(0.01)	
USDINR 3 MONTH ATM IV	6.83	(0.13)	1.50	(0.24)	
		1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	285	(1,280)	(3,214)	8,125	
FII INVESTMENT- DEBT (\$ Mn)	65	175	1,400	2,828	
TOTAL- (\$ Mn)	350	(1,105)	(1,814)	10,953	

CURRENCY	ECONOMIC DATA
EUR	Final CPI

TECHNICAL VIEW

Currency pair ==> USDINR spot

View = Intermediate trend remains UPWARD above 70.50 on spot.

Trade = Buy on decline between 70.80/90, stop below 70.70 on spot basis. Target 71.80 and 72.00 levels on spot basis.

Currency pair ==> EURUSD spot

View = Intermediate trend remains bearish.

Trade = Sell on rise between 1.1130/1.1150, stop above 1.1180, target 1.1070/50.

MACRO VIEW

- 1) Last friday US stocks closed 1.4%-1.7% higher across major indices as equity indices. US long bond yields have bounced back which also played a part in the recover in US stocks. However, US stocks are not out of the woods as yield curve remains dangerously flat to inverted. Technically, S&P 500 needs to clear 2960 and sustain to negate the bearish structure.
- 2) Asian stocks are trading higher today with major indices showing gains of 0.5% to 1.00% as Chinese central banks signalled more monetary easing to support growth. Asian currencies are trading mixed with USDCNH marginally higher as PBOC fixed the onshore Yuan weaker on Monday at 7.0365 from 7.0312 on last Friday. However, economic data from Japan has come out very weak. Reuters Tankan report - manufacturing index hits lowest since 2013. The survey pointed towards growing concerns about weakening global demand, growing risk of a U.S. recession, Germany's economy in contraction, outlook for China's economy worsening had all combined to sour the outlook for export-reliant economies such as Japan.
- 3) Brent crude oil prices rose on Monday following a weekend attack on a Saudi oil facility by Yemeni separatist. Brent was up 0.5% at \$ 59.15 a barrel. Gold prices are steady around \$ 1519 levels.
- 4) President Donald Trump said on Sunday that he doesn't want to do business with Chinese tech giant Huawei, after weekend reports that the administration was planning to extend a reprieve that allows it to buy parts from U.S. companies. We await the final word. If the relaxation is extended into the year end it can be positive for risk assets and Yuan, vice versa.
- 5) US appeared to have put human rights conditions in Hong Kong as a precondition in any trade deal with China. There is an bipartisan agreement to expedite the Hong Kong Human Rights and Democracy Act, which could lead to sanctions of some high profile Chinese and Hong Kong officials. The political development in Hong Kong in the upcoming week is more crucial than ever on US-China relations. Therefore keep an eye on Hong Kong turmoil.
- 6) EURUSD continues to be under pressure, at 1.1092 now as market expected ECB to announce resumption in QE, to the tune of 50 billion euros per month and cut in rates by 10 bps, further into negative zone. Last week, Governing Council member Olli Rehn said that ECB needs to be aggressive in easing monetary policy in the September meeting. EURUSD is also being pressured by the political turmoil in Italy and poor economic data from Germany. This week there is a risk that PMI surveys for July can come in weak, which can increase the pressure on ECB to act.

*** CHART ON NEXT PAGE ***



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