

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.03	0.32%	-0.5%	0%
EUR/INR	77.44	0.15%	-2.1%	-4%
GBP/INR	86.34	0.10%	-2.5%	-5%
JPY/INR	63.90	-0.05%	-1.2%	3%
EUR/USD	1.1218	-0.03%	-1.6%	-4%
GBP/USD	1.2508	0.05%	-1.8%	-5%
USD/JPY	107.93	0.20%	0.6%	-3%
USD/CNH	6.8797	-0.05%	0.0%	1%
10 YR YIELD- IN	6.43	0.07	(0.43)	(1.36)
10 YR YIELD- USA	2.05	(0.00)	(0.00)	(0.84)
GOLD (\$/Oz)	1,427	0.1%	1%	17%
SILVER (\$/Oz)	16.34	0.9%	6%	6%
BRENT CRUDE (\$/Brl)	63.24	1.2%	-3%	-13%
COPPER 3M (\$/Ton)	6065	1.4%	2%	0%
NIFTY	11338	-0.71%	-3.29%	3%
HANGSENG	28562	-0.71%	0.31%	1%
S&P 500	2977	-0.62%	0.89%	6%
INR 1M FWD	0.23	0.00	(0.08)	(0.02)
INR 2M FWD	0.46	0.00	(0.13)	(0.03)
INR 3M FWD	0.71	0.00	(0.16)	(0.04)
INR 6M FWD	1.46	(0.01)	(0.21)	(0.03)
INR 12M FWD	3.06	(0.04)	(0.21)	0.09
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(203)	(1,038)	(1,038)	10,301
FII INVESTMENT- DEBT (\$ Mn)	(147)	1,093	1,093	2,521
TOTAL- (\$ Mn)	(351)	55	55	12,822

CURRENCY	ECONOMIC DATA
EUR	German Buba Monthly Report

INDIA NEWSWIRE

1. In its efforts to execute an effective plan to increase exports to the US and China as the two countries continue to engage in a tariff war with each other, the Commerce Ministry is roping in exporters to share their strategy to exploit the opportunity and also point out the pain points. In a study on ways to boost merchandise exports, the Confederation of Indian Industry (CII) has identified 31 items with high potential for exports such as women's apparel, drugs, cyclic hydrocarbons and furniture.

FX VIEW

After the carnage in local equity markets last week, the question remains, will the selling stop. Global stock markets are going strong, on the back of hope that both, ECB and Fed, will loosen monetary policies this month. However, expensive valuation in the face of weak earnings growth due to weak economy is weighing on market sentiments. Higher surcharge on high net worth investors is seen as a tipping point. Having said that, Nifty is approaching a key support level closer to 11300 and if global stocks continue to rally, then we expect a bullish reversal in domestic equities soon.

Though Indian Rupee depreciated by a percent from the 52 highs against Dollar but the damage could have been far more if it was not for steady inflows in the debt segment. Carry traders are also eager to short USD and Long INR closer to 69 levels on spot, as outlook on real rate differential remains attractive for INR. In a carry trade, speculators buy a currency with high interest rate, Rupee, and sell a currency with lower interest rate, Dollar. They can execute the trade through USDINR derivatives, in both offshore as well as onshore centers, by selling Dollar Rupee futures/forwards and then holding the position to maturity. The total return earned is a combination of gains from appreciation in spot Rupee as well as the premium on futures/ forwards.

This week there are no major economic data from India. However, the economic calendar is full from Europe and US. The major driver of the Pound this week is likely to be the announcement of the winner of the Conservative Party leadership election on July 22. Boris Johnson is expected to win the race. From Eurozone, ECB meeting will be the event to watch. Markets are now pricing in more-than a 50% chance the ECB will cut its interest rate on Thursday and also offer hint towards restarting QE later in the year. Alongwith ECB meeting, traders will also watch PMI surveys for June.

USD traders will keep a watch on second quarter GDP report, which is expected to show that growth has slowed to 1.8% in Q2 from 3.1% in Q1. Apart from GDP report, home sales and home prices data will be parsed for signs of slowdown. Fed is widely expected to reduce rates by 25 bps in the July meeting.

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 has bounced from a key support zone below 77.00 levels on spot. We would wait for the pair to rise towards 78.25/78.50 zone on spot to short again. On GBPINR, we would wait for the pair to bounce towards 87.00 to enter fresh shorts with stop above 87.50 on a closing basis. On JPYINR, we are bullish as long as above 63.00 on spot.

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



Source: TradingView

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