

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	70.20	0.13%	1.8%	9%
EUR/INR	81.12	-0.13%	0.5%	7%
GBP/INR	89.97	-0.48%	-0.6%	9%
JPY/INR	63.01	-0.35%	1.5%	7%
EUR/USD	1.1553	0.11%	-1.1%	-2%
GBP/USD	1.2815	0.03%	-2.5%	0%
USD/JPY	111.42	0.12%	0.2%	2%
USD/CNH	6.8811	-0.19%	1.0%	3%
10 YR YIELD- IN	7.89	0.02	0.11	1.36
10 YR YIELD- USA	2.83	0.01	(0.12)	0.64
GOLD (\$/Oz)	1,187	0.1%	-3%	-8%
SILVER (\$/Oz)	14.55	0.4%	-6%	-14%
BRENT CRUDE (\$/Brl)	75.01	0.4%	2%	44%
COPPER 3M (\$/Ton)	5987	-0.3%	-2%	-9%
NIFTY	11567	-0.14%	3.88%	17%
HANGSENG	27598	-0.69%	-3.71%	0%
S&P 500	2857	-0.17%	1.30%	17%
INR 1M FWD	0.27	0.01	0.03	0.02
INR 2M FWD	0.54	0.00	0.04	0.05
INR 3M FWD	0.78	(0.01)	0.04	0.05
INR 6M FWD	1.53	0.01	0.05	0.08
INR 12M FWD	3.03	0.01	0.07	0.24
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	61	(80)	128	(493)
FII INVESTMENT- DEBT (\$ Mn)	(39)	431	536	(5,573)
TOTAL- (\$ Mn)	22	352	664	(6,066)

CURRENCY	ECONOMIC EVENT
USD	Fed Chair Powell Speaks
USD	Durable Goods Orders

INDIA NEWSWIRE

1. The much-anticipated New Industrial Policy, which will replace the 27-year-old existing policy and pave the way for promotion of new technology and reduced regulations, has been placed before the Union Cabinet for approval.
2. The overall outstanding buyers' credit has shrunk by \$25 billion since June 2017. Most of this has run down after March 2018, when the Reserve Bank of India banned letters of undertaking. Overall outstanding buyers' credit stood at \$49.4 billion as of June-end 2018, compared to \$74.21 billion as of June-end 2017.

WORLD NEWSWIRE

1. The low-level talks between the U.S. and China weren't really enough to prevent the next set of tariffs from being imposed. US and China both imposed fresh set of trade tariffs on each. More is expected in September

FX VIEW

Yesterday, Dollar managed to a close above 70.00 handle, but thanks to intervention from the central bank it could not make headway much above the 70.00 handle, closing around 70.11 on spot. Rupee reacted to the weakness in the emerging market currencies as well as to the rebound in oil prices. Overnight US markets and European markets closed in the red but not by a large margin. Asian equities are mixed with Nikkei benefitting from a weak Yen and is trading higher. However the Chinese equities are trading in red after the new set of sanctions from US. Chinese currency had crossed 6.89 on the USDCNH but has now retraced to 6.88, probably due to some light intervention from PBOC. In the NDF, Turkish Lira as well as Brazilian Real, both are weakening and that is having negative impact on most Asian currencies, including the Rupee in the offshore market. Crude oil prices are trading above 75.00, and diverging from strong USD. Even majors like Euro, GBP and JPY are down against USD. All in all, USDINR is set to open higher, around 70.25 levels on spot.

Yesterday, there were a number of key economic data releases. Eurozone PMI were a mixed bag with services sector showing robust growth on the back strength in the domestic economy. However, manufacturing is feeling the pinch of higher raw material prices, trade war and slowing of the Chinese economy. Euro tried to shrug off the soft manufacturing sector outlook by attempting a rally towards 1.16 against the USD. However, risk-off in EM dragged it down towards 1.1550. GBP dropped towards 1.28 from 1.29 after the UK government published a collection of documents on "How to prepare if the UK leaves the EU with no deal". Later during the US session, downbeat economic data could push Dollar lower. US housing data was soft and so was the PMI numbers. US economic momentum has peaked around Q2, evident from the economic surprise index compiled by Bloomberg. However, a hawkish Fed and risk aversion in EMs is preventing the USD from converging to soft data.

Technical Views:

Technically, USDINR remains in a primary uptrend. We would question the primary uptrend hypothesis if prices were to breakdown below 69.00 levels on spot. Till, then any corrective decline, like the one we witnessed since last week's high of 70.45 in the onshore OTC, is an opportunity to enter longs. Demand zones are clustered between 69.50/70 levels on spot. Resistance is around 70.10 and then around the highs of 70.45/50. Exporters are advised to use Put spreads to hedge and importers can look at range forwards, with short option leg being at around 69.00 levels.

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