

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.36	0.02%	-0.2%	2%
EUR/INR	78.77	-0.26%	1.2%	-1%
GBP/INR	87.89	-0.56%	-0.4%	-3%
JPY/INR	64.55	-0.26%	1.6%	4%
EUR/USD	1.1357	-0.09%	1.5%	-2%
GBP/USD	1.2672	-0.13%	-0.1%	-4%
USD/JPY	107.45	0.23%	-1.9%	-2%
USD/CNH	6.8892	0.07%	-0.3%	4%
10 YR YIELD- IN	6.93	0.05	(0.29)	(0.90)
10 YR YIELD- USA	2.01	0.02	(0.31)	(0.87)
GOLD (\$/Oz)	1,408	-1.1%	10%	12%
SILVER (\$/Oz)	15.23	-0.9%	4%	-7%
BRENT CRUDE (\$/Brl)	66.06	1.6%	-4%	-13%
COPPER 3M (\$/Ton)	6042	1.4%	1%	-11%
NIFTY	11806	0.08%	-0.32%	10%
HANGSENG	28200	0.05%	3.09%	-2%
S&P 500	2917	-0.95%	3.23%	7%
INR 1M FWD	0.36	0.01	0.12	0.12
INR 2M FWD	0.61	0.01	0.14	0.15
INR 3M FWD	0.87	0.01	0.17	0.15
INR 6M FWD	1.67	(0.01)	0.26	0.21
INR 12M FWD	3.29	(0.05)	0.46	0.38
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	8	(153)	2,811	11,037
FII INVESTMENT- DEBT (\$ Mn)	(30)	1,211	179	1,447
TOTAL- (\$ Mn)	(21)	1,058	2,989	12,484

CURRENCY	ECONOMIC DATA
GBP	Inflation Report Hearings
USD	Durable Goods Orders

INDIA NEWSWIRE

1. India is weighing offering incentives to attract companies moving out of China amid its trade war with the US

WORLD NEWSWIRE

1. President Donald Trump slammed Iran on Tuesday, saying any Iranian attack on Americans would be met with "great and overwhelming force" and "obliteration."

FX VIEW

Like the monsoon is refusing to pick up pace in the country and keeping the large parts of nations dry and thirsty, similarly, USDINR has been stuck within a 70-100 paise range for the last three months, refusing to provide traders with any trend to capitalise from.

Overnight US stock markets closed in the red, with S&P down nearly a percent. Asian equity markets are also bleeding. One can blame the same on Fed chair's speech overnight, but that will be a convenient answer. The interest rate expectation has not changed even a bit for the July policy, as 25 bps cut is being given a 100% probability. It is only the odds for a 50 bps cut which has been dialed back. But who on earth would expect a 50 bps, unless they are on some kind of a mind bending substance. Therefore, what did Mr. Powel say last night? He strongly defended the need to maintain independence of the central bank, in a way, taking a jab at the President in a civil manner. Reminds me of the infamous speech from about to be ex-deputy governor of RBI, Viral Acharya, last year, where he reminded the government, in a civil way, how the market becomes wrathful, when the government of the day tries to meddle in the decision making of the central bank. The question is whether, the comments from Mr. Powel would draw the wrath of the President. Mr. Trump, in the past, has expressed his displeasure at the way Fed is conducting monetary policy. He has openly advocated for lower policy rates. He has even hinted that he may not be closed at even removing Mr. Powel from the Fed's chairmanship. If such a thing ever occur, it will be interesting to see how the markets react. Apart from central bank's independence, Fed chair also talked about the consensus has changed around interest rates. Now a sizable number of FOMC members see the need for a rates to be cut. However, he also warned against over reacting to data points which are transitory. In a way, Fed is keeping itself hedged going into G-20 over the coming weekend. If the trade deal or a trade truce for an indefinite period of agreed upon, then Fed may defer the rate cuts to a future date. However, if the G-20 leads to even more animosity between China and US, then Fed will be quick to lower rates to protect the economy and markets.

TECHNICAL VIEW & RUPEE CROSSES:

Primary downtrend remains intact in USDINR. A close above 70.20 on spot is needed to alter the bias. Fresh shorts can be done on a rise, closer to 69.50/70 region. In case of a breakdown below 69.00, then downside momentum can take prices towards 68.30/40 levels on spot, with an interim resting point around 68.80/85.

We would look to short EURINR on rise with stopabove 80.00 handle on spot. On GBPINR structure remains bearish and hence sell on rise with stop above 90.00 on a closing basis. On JPYINR, intermediate trend remains upward. Hence, we would buy on decline with stop on a close below 64.00 levels on spot.

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Inspite of a soft rate regime, the forwards continue to wide. Is it due to RBI buying Dollars in spot and then paying the same in forwards, to prevent too much of INR infusion??

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