

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	72.57	-0.17%	3.3%	10%
EUR/INR	85.40	-0.29%	4.6%	10%
GBP/INR	95.66	0.00%	5.7%	8%
JPY/INR	64.27	-0.16%	1.9%	9%
EUR/USD	1.1767	0.00%	0.8%	0%
GBP/USD	1.3181	-0.02%	2.2%	-2%
USD/JPY	112.92	-0.04%	1.6%	1%
USD/CNH	6.8707	0.03%	1.1%	4%
10 YR YIELD- IN	8.10	(0.03)	0.23	1.43
10 YR YIELD- USA	3.09	(0.00)	0.28	0.86
GOLD (\$/Oz)	1,202	0.0%	-1%	-7%
SILVER (\$/Oz)	14.50	0.2%	-3%	-14%
BRENT CRUDE (\$/Brl)	81.84	0.0%	8%	40%
COPPER 3M (\$/Ton)	6318	-0.6%	3%	-2%
NIFTY	11106	0.34%	-3.91%	13%
HANGSENG	27912	1.50%	0.87%	1%
S&P 500	2916	-0.13%	1.42%	17%
INR 1M FWD	0.28	(0.00)	0.01	0.04
INR 2M FWD	0.59	0.02	0.08	0.12
INR 3M FWD	0.84	(0.00)	0.05	0.15
INR 6M FWD	1.60	(0.03)	0.08	0.26
INR 12M FWD	3.27	0.02	0.23	0.51 s
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(146)	(564)	(634)	(1,255)
FII INVESTMENT- DEBT (\$ Mn)	(63)	(1,134)	(674)	(6,783)
TOTAL- (\$ Mn)	(209)	(1,698)	(1,308)	(8,039)

CURRENCY	ECONOMIC EVENT
USD	US FOMC

INDIA NEWSWIRE

1. Union Ministry of Finance has asked the railways to raise borrowings, with the assurance that it will pay the principal amount. The railways will have to pay the interest.

WORLD NEWSWIRE

1. MSCI may increase the weight of Chinese A shares into its global indices. Chinese A shares can see there weight increase from 0.71% to 2.82% in 2019 and 3.36% in 2020. India's weight may drop to 8.8% from 9.3%

FX VIEW

Central bank leaned against the wind yesterday morning, as alleged aggressive sales of Dollar stopped USDINR spot from making a move above 73.00 handle. Around mid-day news of IL&FS bailout did the rest. It helped the Rupee appreciated from 72.95 to 72.60 levels on spot. Bailout news lifted local stocks too. However, it is too early to say that the money market stress is gone as some of the marquee NBFC stocks failed to recover. Global market signals are net negative for Rupee as crude oil continues to print fresh 52 week highs and EM currencies are unable to score much gains against the US Dollar. Even majors like Euro and GBP are unable to make much headway. Trend may appear post FOMC tonight.

Fed is all set to hike rates by 25 bps to 2.00-2.25% but focus of market participants will be on guidance of the central bank. In its June meeting it had upgraded outlook on growth, inflation and employment. Since then, data flow has been mixed with inflation, housing indicators and retail sales underwhelming. However, consumer confidence remains resilient and at the highest levels since 2000. Though trade war has not yet taken a sheen of the economic growth but several business surveys have included that as a concern. Fed has already guided for a hike in December as well as 3 hikes in 2019 and 1 hike in 2020. Dollar may take cue from whether Fed sticks to guns on the same or they show less of a resolve. If the Fed sounds cautious it can become an excuse to sell Dollar and a also trigger a rally in US treasury bonds. Euro may benefit a lot as there central bank is about to embark on a path of policy normalisation.

Rupee is also expected to take cues from Fed meeting. A post meeting sell-off in USD can help the Rupee as well. Rupee may also get a strong helping hand from the central bank. RBI may try its best to keep the pair below 73.00 as further depreciation can add fuel to short INR-short bonds-short equity trade.

Today being expiry day for the September contract, and with close to \$ 1.9 billion of open interest outstanding, there is a risk of a short squeeze. However, central bank can alleviate that stress if they intervene quite aggressively.

TECHNICAL VIEW & RUPEE CROSSES:

Technically, USDINR remains in an uptrend. However, near term pullback cannot be ruled out. For the week we would remain buyers with stops on a closing basis below 71.50. Resistance is around 73.00 levels on spot. In case INR trades above 73.00, the risk of a melt-up towards 73.50 remains high. Near term support is around 72.50 and 72.00 on spot. On JPYINR we remain bullish but currently the pair is struggling to clear 65.50 on spot. JPYINR is a INR proxy on EM/India risk trade. We would look to enter longs on a decline towards 63.00 levels on spot. Once the EM risk aversion trade makes a comeback, JPYINR pair can be a major beneficiary.

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