

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	70.74	0.20%	2.9%	10%
EUR/INR	82.72	0.48%	3.0%	8%
GBP/INR	92.06	1.18%	2.1%	10%
JPY/INR	63.71	0.46%	3.4%	9%
EUR/USD	1.1663	-0.07%	-0.2%	-2%
GBP/USD	1.3007	-0.02%	-0.9%	1%
USD/JPY	111.03	0.05%	-0.7%	1%
USD/CNH	6.8515	-0.24%	0.7%	4%
10 YR YIELD- IN	7.93	0.01	0.14	1.40
10 YR YIELD- USA	2.85	(0.00)	(0.11)	0.74
GOLD (\$/Oz)	1,202	0.2%	-2%	-9%
SILVER (\$/Oz)	14.57	0.1%	-6%	-17%
BRENT CRUDE (\$/Brl)	77.72	-0.1%	5%	48%
COPPER 3M (\$/Ton)	6066	-0.3%	-3%	-10%
NIFTY	11677	-0.13%	2.82%	18%
HANGSENG	27812	-1.25%	-2.70%	-1%
S&P 500	2901	-0.44%	3.01%	17%
INR 1M FWD	0.26	0.01	0.01	0.02
INR 2M FWD	0.53	0.00	0.03	0.06
INR 3M FWD	0.76	(0.01)	0.02	0.05
INR 6M FWD	1.50	(0.01)	(0.01)	0.11
INR 12M FWD	3.02	(0.03)	0.01	0.23
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(199)	18	226	(396)
FII INVESTMENT- DEBT (\$ Mn)	39	558	663	(5,446)
TOTAL- (\$ Mn)	(160)	576	888	(5,842)

CURRENCY	ECONOMIC EVENT
EUR	German Retail Sales
INR	GDP

INDIA NEWSWIRE

1. Within days of Walmart concluding the \$16-billion deal to acquire a 77 per cent stake in Flipkart, the IT department has sprung into action. The department has set September 7 as deadline for the retail major to deposit a withholding tax arising out of the mega deal.

WORLD NEWSWIRE

1. President Donald Trump rejected an offer from the European Union to eliminate tariffs on cars if the U.S. did the same
2. Fitch is scheduled to update its rating for Italy on Friday. Based on news published in a local newspaper, the chance of some type of negative change (either in Fitch's outlook or rating) is very likely.
3. EU Chief Brexit negotiator Barnier toned down expectations for a deal by saying that "no deal" is still possible.

FX VIEW

Oil and toil, Trump and turmoil- trifecta driving the emerging markets right now. Rupee can not be immune to that. Life used to so simple, when stronger dollar used to mean lower oil prices. Now situation has become demanding for the Rupee, as oil and stronger dollar overseas is eating through all defences of the central bank. RBI has adopted a sensible approach, by intervening just enough to keep Rupee moving in line with other emerging market currencies. Yesterday, USDINR touched another life high of 70.85. Overnight US stock markets closed in the red with cuts of 0.25-0.50% in leading indices. Asian markets are trading in the red and Asian currencies are trading weak against USD.

Emerging market currencies like Lira, Real, Rand, Rubble and Peso are plumbing to either fresh lows for the year or trading at all time lows. The run on EM is having a contagion effect on USDINR. USDINR is trading at a fresh life high on NDF at around 71.10/15 on spot reference.

Overnight, Mr. Trump rejected the offer from EU that US and EU both can reduce their tariff on autos to zero. At the same time, US President accused both China and EU for manipulating their currencies. He hinted that US is looking at their currencies closely. Additionally, US President also threatened to withdraw from WTO if reforms are not undertaken. There are reports of US slapping another 25% tariff on \$ 200 billion of Chinese goods. Going into the mid-term polls be ready to see the pitch increase on Trade as well as Taxes. On taxes, there are media reports that US administration could be looking at a fresh round of tax cuts including a rationalisation of capital gains tax.

In economic data, US consumer spending and income both came in line with expectation, paving the way for strong consumer spending ahead. At the same time, inflation data measured by core-PCE nudged towards Fed's target of 2%. However, economic data from Eurozone was quite, with consumer and business confidence sagging.

Technically, tactical long view on USDINR holds as the pair still trading well above the 5 year congestion below 69.00 on spot. We would be looking for buying on decline as long as above 69.70 on spot. Near term support around 70.40 and 70.00 and 69.70/80 zone. Resistance around 71.00 and 71.50-72.00 on spot.

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