

KEY HEADLINES:

- The Indian rupee plunged to a five-month low and bond yields rose sharply on Monday, as an escalating China-U.S. trade spat sent most regional currencies lower while tensions in the disputed region of Kashmir also weighed on investor sentiment. Asian shares dropped the most in nine months while the yuan broke the 7 per dollar support level amid mounting trade tensions. The partially convertible rupee was at 70.47/48 per dollar at 0558 GMT after dropping to 70.6050 earlier, its weakest since March 6. "This downward momentum in the INR could continue this week," HDFC Bank said in a note.
- China's services sector expanded at the slowest pace in five months in July despite a sharp upturn of new export orders, a private survey showed on Monday. The Caixin/Markit services purchasing managers' index (PMI) slipped to 51.6, the lowest reading since February, from June's 52.0. The 50-point mark divides growth from contraction, and the overall service index has shown expansion every month since it was started in 2005.
- China let its yuan weaken below 7 yuan per dollar on Monday, an 11-year low, as the escalation in the U.S.-China trade war shook currency markets. Fearful of the impact on global growth, investors dumped export-oriented Asian currencies and rushed into safe havens, with the Japanese yen surging to a seven-month high. Chinese authorities, who had been expected to defend the psychologically important level of 7 per dollar, allowed the currency break thought the floor to its lowest in the onshore market since the 2008 global financial crisis.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
German Factory Orders (MoM) (Jun)	EUR	0.5%	-2.2%	MEDIUM
JOLTs Job Openings (Jun)	USD	7.317M	7.323M	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	70.85	70.70	70.55	71.00	71.15	BULLISH
EURINR FUTURE	79.30	79.10	78.90	79.50	79.70	BULLISH
GBPINR FUTURE	86.23	86.05	85.85	86.45	86.65	BULLISH
JPYINR FUTURE	66.87	66.70	66.55	67.03	67.20	BULLISH

RESEARCH BONANZA FOREIGN CURRENCY SEGMENT

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