

## KEY HEADLINES:

- U.S. consumer prices rose more than expected in July, with a measure of underlying inflation increasing by the most in 29-1/2 years amid broad gains in the costs of goods and services. The report from the Labor Department on Wednesday, however, probably does not mark the start of worrisome inflation, and the Federal Reserve is likely to continue pumping money into the economy to aid the recovery from the COVID-19 recession. The jump in prices is likely an unwinding of sharp declines experienced when nonessential businesses were shuttered in mid-March to slow the spread of the coronavirus.
- EURUSD is range-bound following a 650 pip rally over the last few weeks. That's the headline here, not that the euro is a sell. At least that's my opinion. I hear many traders talking about shorting the EURUSD because it's overextended or that it's a double top. But that's ill-advised, in my opinion. Look no further than the monthly chart. The chart above shows a breakout above a multi-year wedge or triangle, whichever label you prefer. As mentioned recently, the top of that structure comes in around 1.1650.
- UK house prices gained momentum last month, moving out of negative territory for the first time since lockdown began as the government's stamp duty holiday motivated buyers. However the bounce is not expected to last long, as government support schemes wind down in the winter. UK house prices firm up Across the UK in aggregate, a net balance of 12 per cent of respondents to the Royal Institution of Chartered Surveyors' monthly survey reported an increase in house prices during July. This was a noticeable turnaround from minus 13 per cent in June, as UK house prices rose in virtually all regions.

## Economic Indicators to be released.

| Indicator            | Currency | Forecast | Previous | Impact |
|----------------------|----------|----------|----------|--------|
| German Final CPI m/m | EUR      | -0.5%    | -0.5%    | MEDIUM |
| German WPI m/m       | EUR      | 0.4%     | 0.6%     | MEDIUM |
| Unemployment Claims  | USD      | 1120K    | 1186K    | MEDIUM |
| Natural Gas Storage  | USD      | 51B      | 33B      | MEDIUM |
|                      |          |          |          |        |
|                      |          |          |          |        |
|                      |          |          |          |        |
|                      |          |          |          |        |

**Support Resistance Levels – Currency Future:**

| Currency         | LTP   | S1    | S2    | R1    | R2    | Trend    |
|------------------|-------|-------|-------|-------|-------|----------|
| USDINR<br>FUTURE | 74.90 | 74.75 | 74.40 | 75.05 | 75.35 | Sideways |
| EURINR<br>FUTURE | 88.17 | 87.90 | 87.40 | 88.40 | 88.90 | BULLISH  |
| GBPINR<br>FUTURE | 97.62 | 97.30 | 96.80 | 97.90 | 98.50 | BULLISH  |
| JPYINR<br>FUTURE | 70.08 | 69.90 | 69.50 | 70.30 | 70.70 | Sideways |

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