

KEY HEADLINES:

- U.S. consumer prices increased broadly in July, but the signs of an acceleration in inflation will likely do little to change market expectations that the Federal Reserve will cut interest rates again next month amid worsening trade tensions. The report from the Labor Department on Tuesday, however, lowered the chances that the U.S. central bank would cut rates by half a percentage point at its Sept. 17-18 policy meeting. Financial markets have fully priced in a 25-basis-point reduction following a recent escalation in the bruising trade war between the United States and China, which sparked a stock market sell-off and caused an inversion of the U.S. Treasury yield curve, heightening the risk of a recession.
- The U.S. dollar and offshore yuan rose on Tuesday after the Trump administration said it would delay 10% tariffs on some Chinese products scheduled to begin next month, a significant concession in the trade conflict between Washington and Beijing. The U.S. Trade Representative said it would delay tariffs on laptops and cellphones, among other products, set to be imposed in September. U.S. dollar clobbered the Japanese yen, last up 1.28% to 106.65 yen per dollar. The yen is a safe-haven asset which benefits in moments of geopolitical uncertainty and during economic downturns. The dollar index was 0.45% higher at 97.815, and the offshore Chinese yuan was 1.25% stronger at 7.0125.
- China's industrial output growth slowed more than expected in July, data from the National Bureau of Statistics showed on Wednesday. Growth of Industrial production dropped 4.8% year-on-year, compared with the expected 6.0% increase. It was the slowest since February 2002, according to Reuters. Retail sales growth also came in weaker than expected, rising 8.3% year-on-year in the first seven months of 2019. The growth dipped from an increase of 8.4% registered in the first six months and was also weaker than the expected growth of 8.6%.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
WPI Inflation (YoY) (Jul)	INR	1.93%	2.02%	MEDIUM
CPI (YoY) (Jul)	GBP	1.9%	2.0%	HIGH
GDP (YoY) (Q2)	EUR	1.1%	1.1%	MEDIUM
Industrial Production (MoM) (Jun)	EUR	-1.4%	0.9%	MEDIUM
Crude Oil Inventories	USD	-2.775M	2.385M	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.43	71.20	70.95	71.65	71.85	BEARISH
EURINR FUTURE	80.17	79.80	79.45	80.50	80.85	BEARISH
GBPINR FUTURE	86.36	86.00	85.65	86.70	87.00	BEARISH
JPYINR FUTURE	67.93	67.70	67.48	68.10	68.30	BEARISH

RESEARCH BONANZA FOREIGN CURRENCY SEGMENT

Disclaimer:

This report, which contains information based on research carried by or on behalf of Bonanza Portfolio Limited, is neither advice nor any offer to sell or a solicitation to buy any securities, it contains information for the intended recipient only and no other person. Further the intended recipient is also advised to exercise restraint in placing any dependence on this report, as the sender, Bonanza Portfolio Limited, neither claims nor guarantees the accuracy of any information neither contained herein nor assumes any responsibility in relation to losses arising from the errors of fact, opinions contained herein or the dependence placed on the same. The information herein may change any time due to the volatile market conditions, and may not be accurate, complete or exhaustive, the recipient therefore is advised to use his own discretion and judgment, while entering into any transactions, whatsoever. Further, Bonanza, its directors employees and associates may or may not have trading or investment positions in the securities mentioned herein.