

KEY HEADLINES:

The Indian rupee hit a record low for a third straight session on Wednesday as foreign investors continued to dump riskier assets ahead of U.S. inflation data that could determine the pace of tightening in the world's largest economy.

The partially convertible rupee was trading at 79.66/67 per dollar compared to its previous close of 79.5975. The unit touched a life low of 79.6675.

Currencies in Asia have come under immense pressure in recent months, with expectations that the U.S. Federal Reserve will hike rates faster and further than its peers contributing significantly to the safe haven dollar's surge.

The Bank of Canada on Wednesday raised its main interest rate by 100 basis points in a bid to crush inflation, its biggest rate increase in 24 years, surprising markets and becoming the first G7 country to make such an aggressive hike in this economic cycle.

The dollar surged to a 20-year high against a basket of currencies and the euro broke below parity against the greenback after data on Wednesday showed U.S. consumer price inflation surged to a 40-1/2-year high in June. The euro plunged to \$0.9998 against the greenback, breaking below the \$1 level for the first time since Dec. 2002, before bouncing back to last trade at \$1.0024.

The Reserve Bank on Monday asked banks to put in place additional arrangements for export and import transactions in Indian rupees in view of increasing interest of the global trading community in the domestic currency. Before putting in place this mechanism, banks will require prior approval from the Foreign Exchange Department of the Reserve Bank of India (RBI), the central bank said in a circular. This mechanism may enable Indian exporters to receive advance payment against exports from overseas importers in rupees.

Foreign investors have pulled out over Rs 4,000 crore this month so far amid steady appreciation of the dollar and rising interest rates in the US. Foreign portfolio investors (FPI) have sold shares worth nearly \$30 billion so far in 2022 with traders fearing more outflows if a global recession were to kick in.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
EU Economic Forecasts	EUR			MEDIUM
PPI m/m	USD	0.8%	0.8%	HIGH
Core PPI m/m	USD	0.5%	0.5%	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	79.74	79.30	79	79.85	80.50	BULLISH
EURINR FUTURE	80.30	79.80	79.20	81.10	81.80	BEARISH
GBPINR FUTURE	95.07	94.60	94	95.55	96.20	SIDEWAYS
JPYINR FUTURE	58.28	58	57.60	58.50	59	BEARISH

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