

KEY HEADLINES:

- U.S. 30-year Treasury yields fell to a record low below 2% and benchmark 10-year notes dropped to a three-year trough on Thursday amid persistent worries about global trade tensions and economic slowdowns around the world. A day after inverting, the U.S. yield curve steepened a little. Curve inversion, which occurs when long-term yields dip below short-term ones, is widely considered a warning that the economy is headed for recession. "I don't think we have seen a bottom in yields yet," said Gary Pzegeo, head of fixed income at CIBC Private Wealth Management, in Boston.
- The dollar held onto gains on Friday after a surge in U.S. retail sales eased concerns about the world's top economy, but traders cautioned against reading too much into one piece of data given the growing risks to the outlook. The greenback was on course for a weekly gain against safe-haven currencies such as the Japanese yen and the Swiss franc, pointing to some respite for frayed nerves after fears of recession and protests in Hong Kong rattled financial markets. Data showing American consumers continued to splurge in July came as a relief to investors after the U.S. bond market sounded alarms of a recession. the fragile calm in markets is unlikely to last, traders said.
- Communist-run Cuba has imposed price controls on goods and services ranging from lemons and pork to haircuts and taxi fares in what it says is an effort to tame inflation as it increases state wages and pensions. On Thursday, prices in Havana were set for some basic foods such as beans, pork, lemons, bananas, onions and cabbage. In recent weeks, regional authorities have slapped price controls on taxi fares, beverages and haircuts, among other items. The price controls differ from province to province.

Economic Indicators to be released.

| Indicator | Currency | Forecast | Previous | Impact |
|---------------------------------|----------|----------|----------|--------|
| Trade Balance (Jun) | EUR | 16.3B | 23.0B | MEDIUM |
| Building Permits (Jul) | USD | 1.270M | 1.232M | HIGH |
| Housing Starts (Jul) | USD | 1.257M | 1.253M | MEDIUM |
| U.S. Baker Hughes Oil Rig Count | USD | | 764 | MEDIUM |
| | | | | |
| | | | | |
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Support Resistance Levels – Currency Future:

| Currency | LTP | S1 | S2 | R1 | R2 | Trend |
|---------------|-------|-------|-------|-------|-------|----------|
| USDINR FUTURE | 71.40 | 71.20 | 71.00 | 71.60 | 71.80 | BULLISH |
| EURINR FUTURE | 79.83 | 79.50 | 79.15 | 80.20 | 80.55 | BULLISH |
| GBPINR FUTURE | 86.29 | 86.00 | 85.70 | 86.60 | 86.90 | Sideways |
| JPYINR FUTURE | 67.29 | 67.10 | 66.90 | 67.50 | 67.70 | BULLISH |

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