

KEY HEADLINES:

- The dollar rose on Monday against commodity currencies such as the Australian, New Zealand and Canadian dollars, while the safe-haven yen gained as disappointing economic data from China, political tension in Afghanistan, and the spreading Delta variant of the coronavirus weighed on risk appetite.
- Against a basket of six major currencies, the dollar was up 0.1% at 92.620, after falling to a one-week low of 92.468 on Friday. Its gains were most pronounced against commodity currencies.
- The Aussie dollar was down 0.6% against the U.S. dollar at US\$0.7335, while the New Zealand dollar fell 0.4% to US\$0.7016 ahead of a Reserve Bank of New Zealand policy meeting on Wednesday, at which economists widely expect the first hike in the benchmark interest rate since 2014.
- Currencies overall stuck to broad trading ranges as investors were wary of taking large bets at the start of a busy week for central banks.
- China's July retail sales, industrial production and fixed asset investment were all weaker than expected as the latest COVID-19 outbreak weighed on the world's second-biggest economy.
- Long positions on the greenback swelled to their biggest levels since March 2020, suggesting the dollar's recent move lower was more a temporary setback than the beginning of a structural downtrend.
- The release of the Fed minutes this week will be key to the short-term outlook for the greenback, especially if it confirms more policymakers are leaning toward tapering its bond purchase plan by the end of the year.
- In cryptocurrencies, bitcoin fell 1.2% to \$46,479 after hitting a three-month high of \$48,190 over the weekend.
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Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Core Retail Sales m/m	USD	0.2%	1.3%	HIGH
Retail Sales m/m	USD	-0.2%	0.6%	HIGH
Fed Chair Powell Speaks	USD			HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	74.37	74.20	74	74.65	74.95	BEARISH
EURINR FUTURE	87.45	87.30	87	87.75	88.15	BEARISH
GBPINR FUTURE	102.69	102.45	102	103.25	103.55	BEARISH
JPYINR FUTURE	67.50	67.30	67.10	67.80	68	BEARISH

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Disclosure:

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