

KEY HEADLINES:

- U.S. manufacturing output increased solidly in August, boosted by a surge in the production of machinery and other goods, but the outlook for factories remains weak amid rising headwinds from trade tensions and slowing global economies. The fairly upbeat report from the Federal Reserve on Tuesday came as officials from the U.S. central bank gathered for a two-day policy meeting. Economists said it was too early to conclude that the trade-driven manufacturing recession was over. Fears that the drag from the trade war could spill over to the broader economy are expected to compel the Fed to cut interest rates again on Wednesday to keep the longest expansion in history, now in its 11th year, on track. The Fed lowered borrowing costs in July for the first time since 2008.
- The dollar traded near a seven-week high versus the yen as oil markets recovered from a supply shock, but the focus is firmly on a U.S. Federal Reserve meeting later on Wednesday that is widely expected to deliver an interest rate cut. Sterling traded near a six-week high versus the dollar as some speculators reduced excessive bets on a decline in the pound, but sentiment remained weak due to uncertainty over how the UK will exit the European Union. Major currencies are likely to trade in narrow ranges before the Fed's meeting. Fed Reserve Chairman Jerome Powell has clearly broadcast his intention to cut rates, so some analysts warn that the dollar could actually bounce if the Fed eases policy as expected.
- Foreigners bought U.S. Treasuries in July after selling them for two straight months, according to U.S. Treasury department data released on Tuesday, a precursor to the sector's steep rally in August. The month of July culminated in the Federal Reserve cutting interest rates on July 31. The following month, trade tensions ramped up between the United States and China as they threatened to impose tariffs on one another, fueling a dramatic surge in U.S. Treasury prices. Foreign flows into U.S. Treasuries showed an inflow of \$10.95 billion in July, from outflows of \$7.71 billion and \$32.79 billion in June and May. Offshore private investors purchased Treasuries totaling \$42.39 billion during the month, offsetting selling of \$31.12 billion by foreign official accounts.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
CPI (YoY) (Aug)	GBP	1.9%	2.1%	HIGH
CPI (YoY) (Aug)	EUR	1.0%	1.0%	HIGH
Building Permits (Aug)	USD	1.300M	1.317M	HIGH
Crude Oil Inventories	USD	-2.889M	-6.912M	HIGH
Fed Interest Rate Decision	USD		2.25%	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	71.92	71.70	71.55	72.15	72.30	BULLISH
EURINR FUTURE	79.33	79.10	78.90	79.60	79.80	BULLISH
GBPINR FUTURE	89.24	88.95	88.75	89.55	89.80	Sideways
JPYINR FUTURE	66.53	66.30	66.15	66.75	66.90	Sideways

RESEARCH BONANZA FOREIGN CURRENCY SEGMENT

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