

KEY HEADLINES:

- Experts are again sounding the alarm that the dollar could lose its role as the world's reserve currency. This is a frequent and historically unconsummated concern — but things may actually be different this time. What's happening: New data from the Bank of Russia show the country now receives more euros than dollars for its exports to China, with the share of goods purchased in euros rising from 0.3% at the start of 2014 (and just 1.3% in the second quarter of 2018) to nearly 51% at the end of Q1 this year.
- Canada will publish its inflation data for the month of June at 1230 GMT on Wednesday before releasing retail sales figures at the same time on Friday. Given the significant rebound in the preceding month, the retail sales report could be a more important market mover among data releases for the loonie, which is expected to move in new upside paths. Has Covid-19 come under control? In Canada, the virus crisis has come somewhat under control as indicated by the latest unemployment numbers. The nation's economy added 418,500 jobs in July and the jobless rate dropped to 10.9%.
- EURUSD jumps to the highest level since May 14, 2018, as the sell-off in USD continues across the board. The U.S. dollar index DXY hit two-year lows at 92.35. Low real yields and the delay in a new stimulus package shifts investors attention away from the safe-haven USD. The risk-on sentiment is across the board as the major Wall Street indices approach record highs, while all the assets denominated in USD enjoy today a strong rally. USA delivered today better than expected economic data after yesterday's disappointment from N.Y. Empire manufacturing index.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Crude oil Inventories	USD	-2.9M	-4.5M	MEDIUM

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	74.72	74.58	74.25	74.90	75.20	Sideways
EURINR FUTURE	88.89	88.70	88.30	89.10	89.50	BULLISH
GBPINR FUTURE	98.35	98.10	97.50	98.60	99.10	BULLISH
JPYINR FUTURE	70.79	70.60	70.20	71.00	71.40	Sideways

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Disclosure:

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SEBI Regn. No.: INZ000212137

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