

## **KEY HEADLINES:**

The Indian rupee declined in August as rising U.S. Treasury yields boosted demand for the dollar, but the local unit performed better than its Asian peers on likely intervention by the Reserve Bank of India. The rupee ended weaker on Thursday on pressure from other Asian currency and after dollar demand from importers.

The rupee at NSE Future 29 Sep ended weak by 3 paise at 82.83 against previous close of 82.80 and after make low of 82.66 and high of 82.86. The rupee and other Asian currencies were pressured by the rise in U.S. Treasury yields that in turn lifted the dollar against its major peers.

India's economy grew 7.8% in April-June quarter from a year earlier against 7.7% expected and compared with 6.1% growth in the previous quarter, government data showed.

India's infrastructure output in July rose 8% year on year with expansion across all sectors, government data showed on.

India is likely to receive an average amount of rainfall in September, the country's top weather official said on Thursday, after the driest August in more than a century. Monsoon rains were 36% below average in August and overall summer rains were 10% lower than normal since the season began on June 1, Mrutyunjay Mohapatra, director-general of the India Meteorological Department, told a virtual news conference.

The dollar gained on Thursday and was on track for a monthly increase of 1.69% against a basket of currencies as U.S. data showed a mixed picture of the American economy, while the euro was weighed down by cautious comments by a leading European Central Bank hawk. The dollar index was last up 0.48% at 103.59. It has fallen from 104.44 last Friday, the highest since June 1. The euro was last down 0.71% at \$1.0846. It is holding above the \$1.07655 level reached on Friday, which was the lowest since June 13. The single currency is on track for a monthly drop of 1.37%. China's yuan strengthened to its firmest in 2-1/2 weeks against the dollar on Thursday after the central bank took measures to support the embattled property sector.

U.S. consumer spending increased by the most in 6-months in July, with an 0.8% increase and The personal consumption expenditures (PCE) price index rose 0.2% last month, matching June's gain. Data on Thursday showed that initial claims for state unemployment benefits fell 4,000 to a seasonally adjusted 228,000 for the week ended

Aug. 26.

Fed funds futures traders see an 89% probability that the U.S. central bank will leave rates unchanged at its September meeting, and are pricing in a 45% likelihood of a hike in November, according to the CME Group's FedWatch Tool.

**Economic Indicators to be released.**

Indicator	Currency	Forecast	Previous	Impact
	CNY	49.0	49.2	HIGH

Caixin Manufacturing PMI				
Non-Farm Employment Change	USD	169k	187k	HIGH
ISM Manufacturing PMI	USD	46.9	46.4	HIGH

**Support Resistance Levels – Currency Future:**

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.83	82.45	81.85	82.90	83.15	BULLISH
EURINR FUTURE	90.08	89.70	89.25	90.50	91.0	BULLISH
GBPINR FUTURE	104.91	104.25	103.90	105.25	106.0	SIDEWAYS
JPYINR FUTURE	57.16	56.75	56.20	57.30	57.85	BEARISH

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