

KEY HEADLINES:

- The dollar held near a two-month high on Monday ahead of what is expected to be the first U.S. interest rate cut since the financial crisis, while the rising risk that Britain will exit the European Union without a deal knocked the pound to a 28-month low. The Federal Reserve is forecast to cut interest rates on Wednesday by 25 basis points. The move would be a so-called insurance cut to protect the U.S. economy from global uncertainties and trade pressures, in contrast to cuts by countries facing more imminent risks.
- U.S. auto sales are expected to drop 1.8% in July from a year earlier, as higher prices continue to keep buyers away, according to industry consultants J.D. Power and LMC Automotive. The consultancies estimate total U.S. vehicle sales of about 1.40 million units in July, with retail sales of new vehicles expected to drop 2% to 1.18 million units on a selling day adjusted basis, compared with a year earlier. Despite the expected decline in sales, overall vehicle prices are seen touching new records in July, driven by buyers paying more for recently launched sports utility vehicles (SUVs).
- The yen held near a three-week low on Tuesday as pared expectations for aggressive Federal Reserve cuts supported the dollar and ahead of a Bank of Japan meeting, which is seen as a key test for policymakers amid a global monetary easing cycle. The BOJ is expected to keep monetary policy on hold at a meeting ending later on Tuesday, but some investors say there is a chance Japan's central bank could change its forward guidance to reassure traders that rates will remain low. Against a basket of six major currencies, the dollar traded near a two-month high. The U.S. Fed is expected to cut rates by 25 basis points on Wednesday, but this is more likely to be a one-off than the first in a series of several rate cuts.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
CB Consumer Confidence (Jul)	USD	125.0	121.5	HIGH
Pending Home Sales (MoM) (Jun)	USD	0.5%	1.1%	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	68.97	68.82	68.67	69.12	69.30	BEARISH
EURINR FUTURE	76.91	76.70	76.50	77.10	77.30	BEARISH
GBPINR FUTURE	85.10	84.90	84.70	85.30	85.50	BEARISH
JPYINR FUTURE	63.62	63.47	63.32	63.77	63.92	BEARISH

RESEARCH BONANZA FOREIGN CURRENCY SEGMENT

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