

KEY HEADLINES:

The Indian rupee declined on Wednesday on risk aversion fuelled by the U.S. credit rating downgrade, which makes dollar index to etst 3-week high and putting the local currency at risk of slipping below a key level.

The rupee at NSE Future 29 Aug ended sharp fall by 31 paise at 82.63 against previous close of 82.32 and after make low of 82.41 and high of 82.68. Asian currencies were down up to 0.8% and Asian shares declined following the U.S. credit rating downgrade, boosting demand for safe-haven dollar.

Ratings agency Fitch on Tuesday downgraded the U.S. long-term foreign currency ratings to AA+ from AAA, reflecting likely fiscal deterioration over the next three years and repeated down-to-the-wire debt ceiling negotiations.

The rupee down almost 0.3% in July against dollar index down almost 1%.

The dollar rose on Wednesday as investors shrugged off Fitch's U.S. credit rating downgrade while data showing a larger-than-expected increase in private payrolls in July bolstered the greenback as it points to labor market resilience.

US Private payroll rose by 324,000 jobs last month, the ADP National Employment report showed, more than an increase of 189,000 that economists polled by Reuters had forecast. The dollar index , a measure of the U.S. currency against six peers, rose 0.57% to a fresh three-week high. The dollar index has gained 3.0% from a 15-month low on July 18.

The key for the rupee and other emerging market currencies this year will be contingent on how the U.S. inflation and growth data shape up and how they affect the U.S. Federal Reserve rate expectations.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
OPEC-JMMC Meetings				HIGH
Official Bank Rate	GBP	5.25%	5.00%	HIGH
ISM Services PMI	USD	53.1	53.9	HIGH

Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.63	82.10	81.75	82.90	83.15	BULLISH
EURINR FUTURE	90.78	90.25	89.50	91.10	91.50	SIDEWAYS
GBPINR FUTURE	105.58	104.95	104.0	106.0	106.55	BEARISH
JPYINR FUTURE	58.18	57.80	57.25	58.70	59.35	BEARISH

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