

KEY HEADLINES:

The Indian rupee against the US dollar end at record low on Monday pressure by likely outflows from sell from in domestic equity market and unwinding of carry trades globally in recession fear at US and route at Japan market roiled global markets as well currency and domestic rupee also fall while some support seen from central bank buying at lower level and fall in dollar index as well US bond yield.

The rupee at NSE Future 28 Aug. ended fall sharply by 36 paise at 84.18 against previous close of 83.82 and after make low of 83.62 and high of 84.21. Most Asian currencies were up 0.1% to 1.7% with the offshore Chinese yuan touching its strongest level since January. The rupee diverged from its Asian peers hurt by the unwinding of carry trades which used the Chinese yuan to fund long bets on the local currency.

Benchmark Indian equity indices, the BSE Sensex and the Nifty 50, closed lower by about 2.7% each, their worst single day decline in over two months.

Activity in India's dominant services sector remained upbeat in July on robust demand, leading to strong job creation, as the HSBC final India Services PMI, compiled by S&P Global, fell marginally to 60.3 in July from 60.5 in June and was considerably below a preliminary estimate of 61.1. However, the overall pace of expansion was sharp and the index remained above the 50-mark that separates contraction from expansion for the 36th straight month. It was the longest streak of expansion since the inception of the series in December 2005.

Despite the recent pressure on the rupee, the RBI's routine interventions have kept volatility expectations in check. The rupee's 1-month implied volatility is at 1.55 - 1.75%, hovering close to its lowest in nearly two decades.

The U.S. dollar sank to a near 7-month low against a basket of peers on Monday, and sold off sharply against the euro and the Japanese yen, as a slew of economic data last week raised the prospect of a U.S. economic downturn and bigger rate cuts from the Federal Reserve.

The dollar index, which tracks the U.S. currency against a basket of six others, was down 0.7% to 102.39, after sinking as low as 102.15, its weakest since January 12. The euro was up 0.5% to \$1.0968, after rising as high as \$1.1009, its strongest since January 2. Against the yen, the dollar fell 2.3% to 143.13, close to the weakest level for the year.

Meanwhile, the Swiss franc , another popular carry trade funding currency, was about 1% higher at 0.8499 to the dollar. The franc, a traditional safe haven, was also trading at a seven-month high.

On Monday, Fed fund futures reflected traders pricing a near 100% chance of a 50 basis point cut at the central bank's September meeting, according to CME FedWatch. Futures imply 127 basis points of cuts this year, LSEG data showed.

In cryptocurrencies, bitcoin and ether plunged on Monday to multi-month lows as investors a rushed out of risky assets. Bitcoin was down 14% to \$54,078, heading for its largest one-day fall since November 2022. Ether was down slid as much as 21% to its lowest since January.

Economic Indicators to be released.

Indicator	Currency	Forecast	Previous	Impact
Cash Rate	AUD	4.35%	4.35%	HIGH

Support Resistance Levels – Currency Future: (NSE CUR - 28 Aug 24)

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	84.18	83.60	83.0	84.50	85.10	BULLISH
EURINR FUTURE	92.09	91.50	89.90	92.20	93.0	BULLISH
GBPINR FUTURE	107.28	106.75	106.0	107.90	108.70	BEARISH
JPYINR FUTURE	59.05	58.20	57.50	59.30	60.0	BULLISH

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