

## **KEY HEADLINES:**

The Indian rupee ended weaker on Tuesday, after having held in a tight range for most of the last 2-session as the U.S. dollar's strength was offset by the central bank selling the greenback to prevent the local unit from sliding further. All this added by weak China trade data makes Yuan, aussie and NZ currency weaker which makes dollar firm and weigh on rupee also.

The rupee at NSE Future 29 Aug ended weak by 12 paise at 82.92 against previous close of 82.80 and after make low of 82.80 and high of 82.95. Still, on the day, the rupee fared better than some of its Asian peers like the Thai Baht and Korean Won, which weakened by 0.37% and 0.73%, respectively. The offshore yuan fell to a five-week low of 7.2514 per dollar, and was last down 0.6% at 7.246. Its onshore counterpart hit a three-week low of 7.2225 per dollar.

Traders will now closely monitor U.S. inflation data and the RBI's monetary policy decision, both due on Thursday. The U.S. inflation figures, whether weaker or stronger than expected, will give a firmer handle on the possibility of another Federal Reserve rate hike. And while most market participants expect the RBI to hold rates steady, its commentary is what will be crucial, with some investors betting on one more rate hike this year. China will report July inflation as well on Wednesday, with traders on the lookout for further signs of deflation.

The U.S. dollar firmed across the board on Tuesday, garnering safe-haven bids, after a disappointing set of Chinese trade figures hurt the yuan and the Australian and New Zealand currencies, with European risk-sensitive currencies also sliding on the worsening global outlook. The dollar index rose 0.6% to 102.69, moving further away from Friday's one-week low in the wake of a mixed U.S. jobs report, which pointed to a cooling but still resilient labour market. The greenback was on track for its best daily gain in about two weeks. The euro dropped 0.5% to \$1.0949, while the risk-sensitive Swedish and Norwegian crowns both tumbled against the dollar.

China's imports and exports fell much faster than expected in July, data on Tuesday showed, with imports down 12.4% from a year earlier while exports contracted by 14.5%, in another sign of the country's faltering economic recovery and subdued global demand.

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
CPI y/y	CNY	-0.4%	0.0%	HIGH

### Support Resistance Levels – Currency Future:

Currency	LTP	S1	S2	R1	R2	Trend
USDINR FUTURE	82.92	82.65	82.10	83.15	83.60	BULLISH
EURINR FUTURE	90.88	90.25	89.50	91.50	92.25	SIDEWAYS
GBPINR FUTURE	105.49	104.50	103.50	106.0	106.55	BEARISH
JPYINR FUTURE	58.22	57.80	57.25	58.70	59.35	BEARISH

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