

DATE: 12-07-2021

KEY HEADLINE

- The dollar edged lower on Friday, along with the Japanese yen, as riskier currencies were favored, with the rally in U.S. Treasuries running out of steam and global stock markets steady.
- The Indian rupee snapped a 5-week fall on back of dollar inflows towards initial public offerings while the benchmark 10-year bond yield posted its biggest weekly rise in five months on back of rising worries over inflation.
- The partially convertible rupee closed at 74.6375/6475 per dollar compared to its close of 74.7050. On the week, the unit gained around 0.14%, its first weekly rise in six weeks.
- India's benchmark 10-year bond yield ended at 6.19% compared to its previous close of 6.12%. On the week, the yield rose 12 basis points, its highest rise since mid-February.
- India Retail inflation, due to be released on Monday, probably accelerated to a seven-month high in June on rising food and fuel prices, staying above the Reserve Bank of India's comfort zone for a second straight month, a Reuters poll showed.
- Some recent soft U.S. data, along with a surge in COVID-19 cases in many parts of the world, has fueled concerns that the global economic recovery was running out of steam, leading to an eight-day streak of declines for the 10-year Treasury yield that ended on Friday.
- The Aussie rose 0.79% to \$0.74905, after earlier touching a fresh low for the year at \$0.7410, and the kiwi added 0.81% to \$0.7002, having plunged more than 1% in the previous session. The euro extended gains on top of a 0.45% jump on Thursday, rising 0.27% to \$1.1876.
- The Canadian dollar strengthened 0.61% against the U.S. dollar to \$1.2453 as oil prices rose and data showed Canada added more jobs than expected in June as public health restrictions were eased in several regions of the country.
- Elsewhere, the People's Bank of China said it would cut the reserve requirement ratio (RRR) - the percentage of deposits lenders must hold on to - for all banks by 50 basis points, effective from July 15, helping spur the move back into riskier assets.
- Adding to the busy week ahead, U.S. Federal Reserve Chair Jerome Powell is scheduled to appear before Congress, and rate decisions by central banks in Japan, Canada and New Zealand are on tap.

Currency pair

Currencies	5/07/2021	9/07/2021	Change (%)
USDINR	74.79	74.77	0.00
EURINR	88.68	88.71	0.03
GBPINR	103.24	103.29	0.04
JPYINR	67.25	67.99	1.10

USDINR

RECOMMENDATION: BUY ABOVE 74.70 SL 75 TARGET 74

EURINR

RECOMMENDATION: BUY ABOVE 88.85 SL 88.45 TARGET 89.50

GBPINR

RECOMMENDATION: BUY ABOVE 103.35 SL 103 TARGET 104

JPYINR

RECOMMENDATION: BUY ABOVE 68.10 SL 67.85 TARGET 68.60

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

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Disclosure:

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