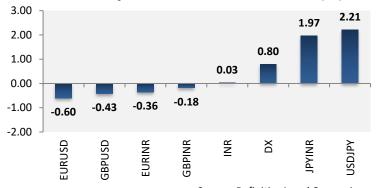


Weekly Currencies Performance (%)



Source: Refinitiv; Angel Currencies

Key Highlights

- Asia markets largely fall as investors look ahead to Japan data
- India's retail inflation expected in the range of 5.6-6.6% for July
- India's forex reserves fall \$2.42b to \$601.5b in a week to Aug. 4

Weekly Currency Performance & Outlook

USDINR

In the initial few days of the last week, the Indian Rupee traded with a stronger bias on account of huge influx of IPO related funds into the system. The Reserve Bank of India has possibly been selling dollars to prevent the rupee from weakening below what is regarded a highly important level. Towards the end, the local unit weakened towards 82.85 levels as Asia-Pacific markets were mixed after China's inflation figures for July, with the consumer price index predicted to enter deflationary territory for the first time since February 2021. Also, in its recent policy the RBI paused on the policy rate for the third consecutive time in its bi-monthly monetary policy meeting. It also maintained status quo on the policy stance— 'to remain focused on withdrawal of accommodation to ensure that inflation progressively aligns with the target, while supporting growth', although this was with a 5:1 vote, unlike the unanimous decision on policy rates.

USDINR SPOT (CMP: 82.81) is likely to trade higher towards 83.50- mark in the week ahead.

EURINR

Last week, both EURUSD and EURINR traded lower. The trend in Euro looks bearish as German industrial production in June dropped more strongly than forecast, falling 1.5% compared with the previous month. Also, Germany reported lower-than-

expected June exports and imports, with imports dropping 3.4% and exports rising just 0.1%, with annual rates in negative territory. Also, Eurozone Producer Price Index (PPI) for June dropped to the lowest level in three years with - 3.4% y/y figures, versus -3.1% expected and -1.6% prior (revised). Moreover, the introduction of a 40% one-off tax on bank profits in Italy weighed on the Euro.

EURINR SPOT (CMP: 90.69) is likely to trade lower towards 90-mark in the week ahead.

GBPINR

Last week, both GBPUSD and GBPINR traded mostly lower. owing to higher DXY. The latest COT data, released by the CFTC, recorded a small decline in the number of long, non-commercial Sterling positions to 59,000 contracts from 63,700 the previous week. In terms of contracts, this was still close to the largest long position for 14 years. The Bank of England raised its key rate by 25 bps. The BoE's vote split was 6-3, with two members expecting a 50-bps hike, while Swati Dhingra voted to keep rates unchanged. The UK central bank's move was in line with market expectations after a surprise half-point increase in June. Still, signs of debate between policymakers prompted traders to pare bets on the pace of further hikes, with markets priced in for rates peaking below 5.75% in February.

GBPINR SPOT (CMP: 105.19) is likely to trade lower towards 104.50-mark in the week ahead.

Weekly Trend Deciding Levels

CURRENCY	S2	S1	R1	R2
USDINR Aug	81.70	82.20	83.50	84.00
EURINR Aug	89.20	90.00	91.90	92.70
GBRINR Aug	103.70	104.50	106.10	106.90
JPYINR Aug	56.10	56.80	58.10	58.80

Research Team- (022) 4000 3600 Extn: 6134/04

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