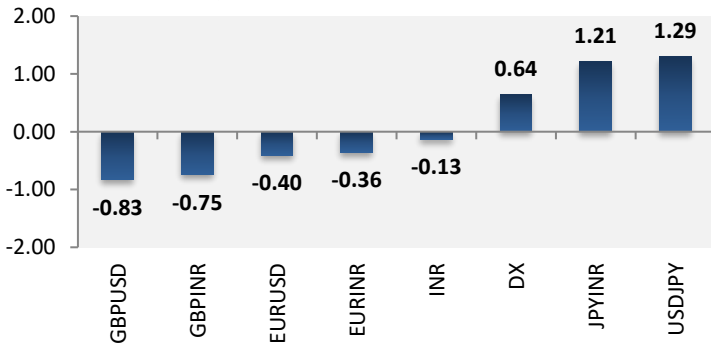


Weekly Currencies Performance (%)



Source: Refinitiv; Angel Currencies

Key Highlights

- India's forex reserves up \$2.4 bn to \$596.1 billion
- Powell repeats more rate hikes needed to get inflation to goal
- Fitch raises India's GDP forecast to 6.3% for current fiscal year

Weekly Currency Performance & Outlook

USDINR

The initial trend of last week was strong for the Indian currency on account of probable corporate related inflows into the system as foreign investors get impressed by Modi's visit to the US. Towards the end, the local unit weakened on back of higher DXY after the US Federal Reserve Chair Jerome Powell's hawkish comments to U.S. lawmakers. In remarks to U.S. lawmakers, Powell reiterated that the Fed remains committed to bringing inflation back to 2% levels and more rate increases are "a pretty good guess." The comments came on the back of the Fed's updated dot plot, out last week, which showed a median projection of two additional rate hikes this year.

USDINR SPOT (CMP: 82.03) is likely to trade higher towards 82.60 mark.

EURINR

Last week, both EURUSD and EURINR traded lower by almost 0.40 percent to 0.36 percent respectively on back of higher US Dollar Index. Fed Chairman Jerome Powell repeated most of his previous day's remarks during his testimony 2.0, this time in front of the Senate Housing Committee. However, his statements like, "(It) will be appropriate to raise rates again this year, perhaps two more times," allowed the US Dollar to refresh the intraday high. Also, the ECB Governing Council member Olli Rehn noted that

underlying inflation is easing only gradually "but not to the extend desired."

EURINR SPOT (CMP: 89.26) is likely to trade higher towards 90.50 levels.

GBPINR

Last week, both GBPUSD and GBPINR traded lower by almost 0.83 percent and 0.75 percent respectively as the growing fears that rising interest rates could push the UK into recession. Official figures recently showed inflation is proving hard to tackle while the precarious state of public finances suggests the Government has little room to help struggling consumers. The BoE has responded to the inflation data with a sharper than expected hike in interest rates to 5 percent and financial markets think they could hit 6.25 per cent early next year. Fears of what that could mean for mortgage holders prompted Chancellor Jeremy Hunt to summon bank bosses where they agreed to offer more flexibility to borrowers.

GBPINR SPOT (CMP: 104.20) is likely to trade lower towards 103.50 levels.

Weekly Trend Deciding Levels

CURRENCY	S2	S1	R1	R2
USDINR Jul	80.80	81.40	82.60	83.20
EURINR Jul	87.60	88.40	90.00	90.80
GBRINR Jul	102.50	103.30	105.10	105.90
JPYINR Jul	56.00	56.90	58.50	59.30

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