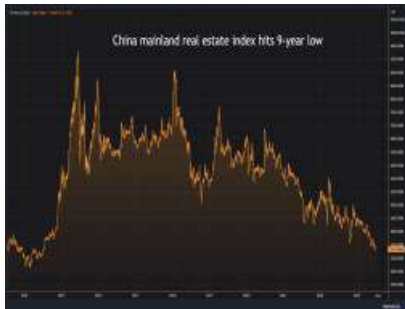




Global outlook: China data shocks while markets await FOMC.



On a day when the Wall Street again closed higher, we also saw the double whammy of gloomy news from China on Monday is spoiling the party in Asia. Data on Monday showed that the world's second largest economy grew at a frail pace in the second quarter while China's Evergrande Group, the world's most indebted property developer,

said it lost an eye-watering \$81 billion over 2021 and 2022. Chinese stocks fell almost 1% on Monday, their biggest loss in three weeks and dragging the broader MSCI Asia ex-Japan index into the red for the first time in six sessions.

No such issues on Wall Street as a near 1% rally in the tech-centric Nasdaq lifted stocks while the U.S. earnings season goes up a gear this week. There was barely any change in the dollar or Treasury yields on Monday as investors brace for U.S. retail sales figures on Tuesday.

The shadow over local markets cast by China's second quarter GDP data on Monday is unlikely to lift completely by Tuesday, and the pressure on policymakers in Beijing to deliver more stimulus to shore up activity will surely increase.

Chinese GDP grew 0.8% in April-June from the previous quarter, beating the consensus forecast of 0.5%. But on a year-on-year basis, GDP

expanded 6.3%, well below the 7.3% forecast. Major US banks trimmed China's growth forecast for 2023 to as low as 5%, with Morgan Stanley also trimming its 2024 GDP forecast by 40 basis point to 4.5%.

On the corporate front, Evergrande's losses were compounded by a rise in total liabilities. There is no quick fix, especially when growth momentum is decelerating. Real estate, once the source of extraordinary growth and investment, is a drag on the overall economy. The Chinese mainland real estate index fell on Monday to its lowest level in nine years. It has lost 50% of its value in the last three years. U.S. Treasury Secretary Janet Yellen on Monday said slower growth in China could spill over to other countries, but she does not expect the U.S. economy to enter recession.

The dollar dipped against a basket of currencies on Monday after last week suffering its largest weekly decline this year as Treasury yields tumbled, but held above more than one-year lows reached on Friday with no major catalysts to drive market direction. This week is likely to see the dollar consolidate as investors wait on the Federal Reserve's meeting next week, when the U.S. central bank is expected to hike rates by an additional 25 basis points. The other key developments that could provide more direction to markets on Tuesday: G20 finance officials meeting in India and Reserve Bank of Australia minutes of last policy meeting

Technical Analysis and Hedging Strategies: Medium

EUR/USD: 1.1241/42: No change in view and strategy:>

Near Term : Positive | Medium Term: Positive.

Key Support: 1.0700/ 1.0850-60 | Key Resistance: 1.1461/ 1.1621

The EUR has been in a strong bullish trend in the past few months. This rally continued this month after the US published a series of weak economic numbers. Jobs data showed that the labor market was losing steam even as the unemployment rate dropped to 3.6%. The economy added over 209k jobs in June while the statistics bureau slashed the previous two month's estimates. Meanwhile, inflation data published last week warned that the US could move into deflation in the next few months. First, Chinese data showed that inflation stood at 0.0% in June and there is a likelihood that the situation will get worse. Therefore, the EUR pair has jumped since the scenario is different in Europe. **Elliott Wave:** We proposed in Sept 2022, that the EUR had completed the last leg in Wave B and was likely to embark on Wave C. Since Feb the unit has been in a zig-zag formation, which has finally seen a breakout this week! This has a measuring objective close to 1.1600. Wave C, is now therefore at it's trending best!

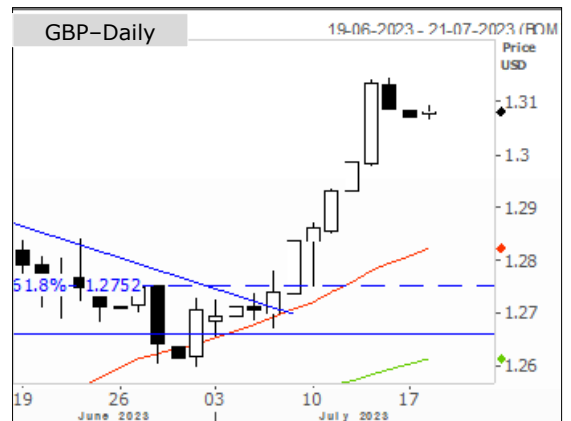
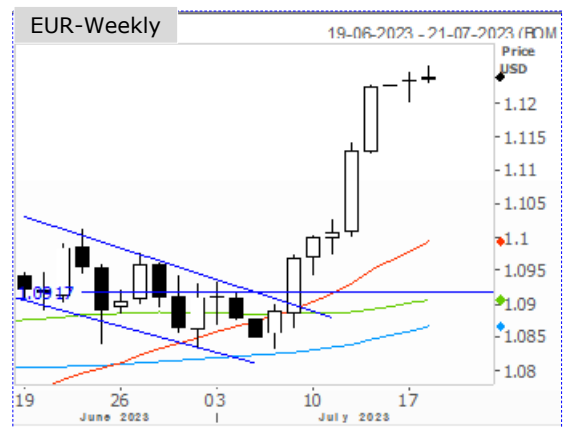
GBP/USD: 1.3083/85: No change in view and strategy:>

Near Term : Positive | Medium Term: Positive.

Key Support : 1.2242/ 1.2658 | Key Resistance: 1.3315

Strategy: The GBP touched the \$1.3100 mark for the first time since April 2022, as the currency became more attractive to investors because of its widening interest rate advantage over other developed economies. Signs of cooling inflation in the US raised expectations that the FED's aggressive policy tightening might be nearing an end. Simultaneously, hotter-than-expected wage growth data put pressure on the BoE to continue raising interest rates. In the three months leading up to May, British wages, excluding bonuses, increased by 7.3% compared to the previous year, the most since the coronavirus pandemic period for April to June 2021.

We had mentioned earlier "Though the GBP is now in the overbought region, we may expect more gains, as the unit might now get into the "trending mode". Overall we continue with the positive theme here." Overall the trending mode is in full swing now!





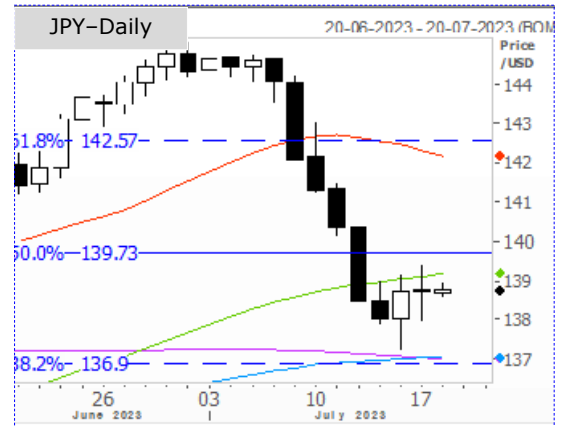
USD/JPY: 138.62/64:

Short Term : Negative | Medium Term: Neutral.

Key Support : 136.90 | Key Resistance: 145.00/ 146.08

The Yen continued in the stronger zone after a 6 day sharp rally that started a week before last. It breached the strongest levels in two months amid a general greenback weakness, as cooler-than-expected US inflation data raised hopes that the FED may be nearing the end of its rate-hiking cycle. The threat of currency intervention also loomed over the market, with top currency diplomat Masato Kanda saying last week that Japanese officials were in close contact with US Treasury Secretary Janet Yellen and other overseas counterparts almost everyday to discuss currencies and broader financial markets.

The USD as seen here, bounced from the 100 day and 200 day confluence. This is therefore the key support/ medium term gate-way, which is likely to hold for the present, before new evidence overwhelms at some stage.



USD/CHF:.8591/94: No change in view and strategy:>

Short Term: Negative | Medium Term: Negative.

Key Support : .8566 | Key Resistance: .8750/ .8950

Strategy: The Swiss franc appreciated to 0.87 against the USD, reaching its strongest level since January 2015, after lower-than-expected US inflation data indicated that the US FED may be approaching the end of its tightening cycle. Concurrently, concerns about a global economic recession, driven by persistent inflation and borrowing costs at multi-year highs, increased demand for safe haven currencies. In June, the SNB raised its key rate by 25 basis points to 1.75% and signaled the possibility of another rate increase in September, highlighting policymakers' recognition that risks of second-round effects on inflation remain high, despite the current slowdown in headline and core figures.

The USD posted a low not seen since Jan 2015. The USD's decline could scale new depths in the interim. Over all we may continue with the same view and strategy for the present!



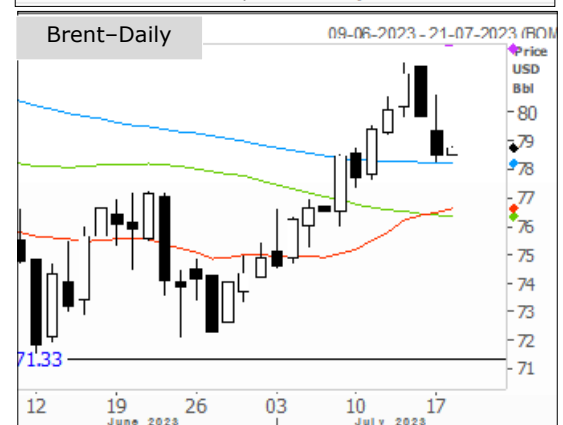
Brent Crude:\$78.66/70: Brl:

Short Term: Positive | Medium Term: Neutral.

Key Support : \$ 71.33 | Key Resistance: \$82.00/ \$101.00.

Strategy: Brent crude futures fell toward \$79 per barrel on Monday, extending losses from the previous session following reports that two of the three Libyan oil fields shut last week resumed production on Saturday evening, bringing a total output capacity of 370,000 barrels per day back to the market. Investors also cautiously awaited a slew of data releases in top crude importer China which are expected to show that the country's post-pandemic recovery is faltering. Meanwhile, Russian oil exports from western ports are set to decline by some 100,000-200,000 bpd next month from July levels as the country follows through on its pledge for supply cuts in tandem with OPEC leader Saudi Arabia.

The unit's dip could see a sideways mode for a while before higher in the interim, Markets are likely to wait out the period before the FOMC.



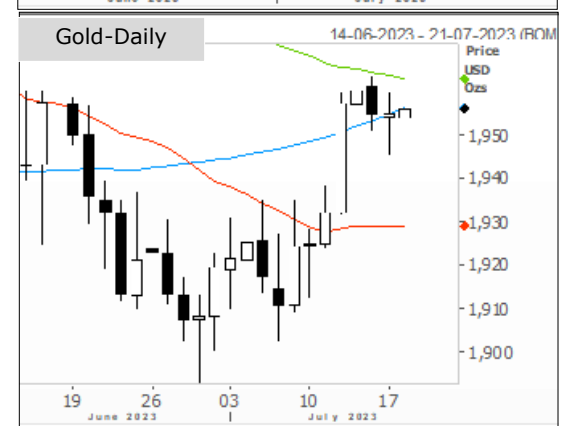
Gold: \$ 1957/60: OZ.

Short Term: Negative | Medium Term: Neutral

Key Support : \$1720/ \$1780 | Key Resistance: \$2058/\$2100.

Strategy: Gold eased toward \$1,950 an ounce on Monday, retreating from one-month highs as investors continued to assess the outlook for US FED monetary policy. Last week, the metal gained 1.6% as softer-than-expected US inflation data raised hopes that the Fed may be close to the end of its current monetary policy tightening cycle. Still, the US central bank is widely expected to raise interest rates by 25 basis points this month, while traders scaled back bets of further rate increases this year. Investors now await more US data and corporate earnings reports from major US firms this week for more clues on the economy. Meanwhile, data showed that China's economy grew 6.3% in the second quarter, lower than the 7.3% expansion expected by analysts, raising hopes that authorities would unleash more stimulus to support growth.

Gold's breakout from the "inverted H&S" formation was well and truly in force. Now the unit is above the 100 day sma and is looking higher from here. This is despite the dip on Friday.





The Rupee could continue to be close to the current ranges!

The rupee is expected to open little changed on Tuesday amid a mostly weaker dollar and expectations that the RBI may step in.

Non-deliverable forwards indicate the rupee will open barely changed from 82.04 in the previous session. Over the last two weeks, the RBI has been regularly buying dollars via public sector banks when the rupee strengthened to the 81.80-81.90 level, according to market participants. The rupee, on a number of occasions this month, has not been able to sustain a move above 82. The dollar index was hovering not too far from an over one-year low on bets that the U.S. FED is nearing the end to its rate-hiking cycle. The Fed is expected to raise rates one last time next week, followed by a long pause. U.S. retail sales and industrial output data is due Tuesday. Asian currencies were higher during the day, while equities were mostly lower despite the positive session for their U.S. peers.

Indian shares are set to open little changed on Tuesday, after hitting record highs for two sessions in a row, amid mixed global cues. India's GIFT Nifty on the NSE International Exchange was down 0.05% at 19,769 in the morning. Both the Nifty 50 and the Sensex hit fresh highs on Monday, powered by Reliance Industries ahead of the demerger of its financial services unit and HDFC Bank after strong June-quarter results. Wall Street equities closed higher overnight on strong earnings outlook and easing concerns over inflation. Asian markets, however, edged lower, with the MSCI Asia ex Japan losing 0.6%, dragged by weak macroeconomic data from China.

Foreign institutional investors bought 730 million Indian rupees (\$8.90 million) worth of Indian equities on a net basis on Monday, while domestic investors purchased 643.4 million rupees of shares, as per provisional NSE data.

GOI bond yields are likely to trend marginally higher in the early session on Tuesday, after the RBI's recent commentary on inflation, even as the market awaits fresh supply from states via debt auction. The benchmark 7.26% 2033 bond yield is expected to be in the 7.07%-7.12% range after ending the previous session at 7.0758%. Food price spikes in the country, typical at the onset of the monsoon, drove up headline inflation in June, corroborating the monetary policy committee's (MPC) view that the fight against inflation was far from over, the RBI said on Monday.

India's annual retail inflation rate rose to 4.81% in June, snapping four months of easing and erasing any chance of early rate cuts. U.S. yields remained largely unchanged with markets closely watching Federal Reserve Chairman Jerome Powell's tone at the U.S. central bank's July 25-26 meeting, where a rate hike is already factored in, and commentary would be crucial.

Meanwhile, Indian states aim to raise 124.30 billion Indian rupees (\$1.52 billion) through the sale of bonds later in the day, and the quantum is lower than scheduled. New Delhi will also raise 310 billion rupees through the sale of bonds on Friday, and this includes a new 14-year bond worth 140 billion rupees.

INR 1 yr swap 1.71/1.73%: The swap is expected to be sideways to higher as the RBI statements were hawkish and then today's US retail sales data would be gauged for more evidence about rates.

USD/INR:82.02/03.

Near Term : Neutral | Medium Term: Negative.

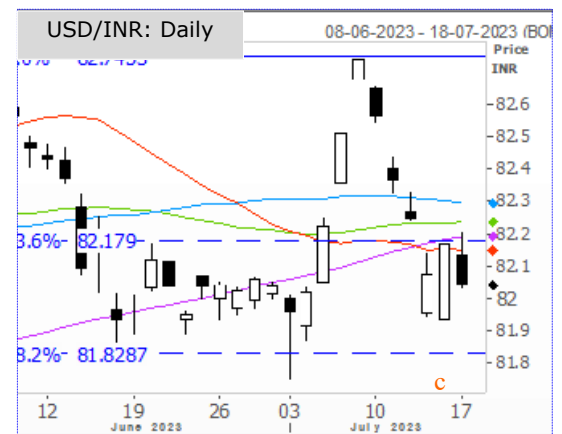
Key Support: 81.80-90 | Key Resistance: 82.90

Strategy: The USD/INR closed fell from under the 200 day sma yesterday.

We had mentioned "This displays the magnetism of this calculus in question! This is due to the fact that RBI has shown interest at these levels and could be seen protecting the REER valuations at a time, when exports are somewhat weak"

As suggested -Imports therefore could again be looked at close to 81.90-82.00 for < 1 month. Exports could be now looked at in the 81.30-60 range as and when seen.

More data is expected this week from both sides of the Atlantic, which could highlight the divergence between the economies. The surging stocks markets are expected to however draw Capital like we have seen in the recent past and the RBI too could be there to support the USD!



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Tuesday
July 18 : Local Time
18:00 USD Retail Sales
18:45 USD Industrial Production
21:30 GBP MPC Member Speaks

17-07-23	Open	High	Low	BID	ASK	18-07-23	Open	High	Low	Last
INR	81.9300	82.1700	1.0000	82.1650	82.175	INR	82.13	82.20	82.03	82.04
EUR	1.1234	1.1248	1.1202	1.1234	1.1238	EUR	1.1235	1.1255	1.1232	1.1246
GBP	1.3084	1.3108	1.3049	1.3071	1.3075	GBP	1.3076	1.3094	1.3066	1.3087
CHF	0.8614	0.8630	0.8577	0.8605	0.8609	CHF	0.8603	0.8608	0.8587	0.8591
JPY	138.74	139.40	137.99	138.71	138.75	JPY	138.70	138.92	138.50	138.59
AUD	0.6830	0.6849	0.6786	0.6815	0.6817	AUD	0.6816	0.6832	0.6805	0.6828
KRW	1268.07	1270.71	1262.77	1263.17	1264.27	KRW	1263.17	1266.44	1256.22	1259.99

Market Snapshot

FX-Spot Rates			USDINR							Key Indicators		
Currency	Bid	Ask	Period	Fwd Premium		Fwd Rates		Fwd Prm (%)		Indicator	Last	% Chg
USD	82.0400	82.0500		Bid	Ask	Bid	Ask	Bid	Ask	\$ IDX	99.81	-0.10
EUR	1.1246	1.1250	Cash	0	0	0.00	0.00	-	-	Gold	1959	0.22
GBP	1.3088	1.3089	Tom	0	0	0.00	0.00	-	-	Silver	24.89	0.06
JPY	138.59	138.60	Jul	3	5	82.07	82.10	1.11	1.38	Br Crude	78.69	0.25
CHF	0.8591	0.8595	Aug	11	13	82.15	82.18	1.19	1.33	Lt Crude	74.38	0.32
AUD	0.6828	0.6830	Sep	20	22	82.24	82.27	1.26	1.36	NSE	19711	0.00
CAD	1.3190	1.3192	Oct	30	32	82.34	82.37	1.30	1.38	BSE	0	0.00
ZAR	18.02	18.03	Nov	40	42	82.44	82.47	1.34	1.40	Debt Market - India		
CNY	7.17	7.17	Dec	50	52	82.54	82.57	1.39	1.44	Indicator Last-%		
RUB	90.60	90.61	Jan	62	64	82.66	82.69	1.43	1.47	3M Mifor		cord could
KRW	1260	1260	Feb	73	75	82.77	82.80	1.46	1.50	3M CP		7.05
EURINR	92.24	92.29	Mar	84	86	82.88	82.91	1.59	1.62	3M CD		6.88
GBPINR	107.35	107.37	Apr	106	108	83.10	83.13	1.66	1.69	5 Yr OIS		6.20
JPYINR	59.18	59.19	May	119	121	83.23	83.26	1.69	1.72	6.97 10yr G Sec		7.07
CHFINR	95.43	95.49	Jun	132	134	83.36	83.39	1.71	1.73			

Rolling Month End Forward Rates

Period	Vs Dollar						Vs INR					
	EUR	GBP	JPY	CHF	AUD	CNY	USD	EUR	GBP	JPY	CHF	AUD
21-08-23	1.1264	1.3089	137.91	0.8562	0.6835	7.15	82.12	92.48	107.47	59.53	95.83	56.12
20-09-23	1.1280	1.3090	137.26	0.8535	0.6842	7.12	82.21	92.71	107.59	59.87	96.24	56.23
20-10-23	1.1295	1.3087	136.61	0.8508	0.6848	7.10	82.30	92.94	107.69	60.23	96.65	56.35
20-11-23	1.1312	1.3084	135.93	0.8480	0.6854	7.08	82.40	93.20	107.79	60.60	97.08	56.47
20-12-23	1.1328	1.3077	135.28	0.8454	0.6860	7.05	82.50	93.43	107.88	60.96	97.49	56.59
22-01-24	1.1350	1.3077	134.48	0.8419	0.6867	7.03	82.61	93.76	108.01	61.41	98.02	56.72
20-02-24	1.1365	1.3070	133.86	0.8394	0.6871	7.01	82.73	94.01	108.10	61.77	98.45	56.84
20-03-24	1.1379	1.3063	133.24	0.8371	0.6875	6.99	82.84	94.25	108.20	62.15	98.85	56.94
22-04-24	1.1394	1.3048	132.58	0.8344	0.6878	6.97	83.02	94.58	108.31	62.59	99.39	57.10
20-05-24	1.1406	1.3038	132.03	0.8321	0.6880	6.95	83.18	94.86	108.45	62.97	99.83	57.22
20-06-24	1.1417	1.3025	131.41	0.8300	0.6882	6.93	83.32	95.12	108.52	63.36	100.23	57.33
22-07-24	1.1429	1.3009	130.83	0.8276	0.6882	6.92	83.45	95.34	108.53	63.75	100.64	57.38

LIBOR & MIFOR Rates

FX	1M	2M	3M	6M	12M	1Y	2Y	3Y	4Y	5Y	7Y	10Y
USD	5.3606	0.0000	5.5817	5.8246	5.3581	5.51	4.93	4.43	4.19	4.03	3.89	3.78
EUR	0.0000	0.0000	0.0000	0.0000	0.0000	4.09	3.83	3.57	3.38	3.25	3.13	3.06
GBP	0.0000	0.0000	5.5402	0.0000	0.0000	6.22	6.04	5.81	5.53	5.22	4.95	4.61
JPY	0.0000	0.0000	0.0000	0.0000	0.0000	-0.01	0.10	0.19	0.26	0.34	0.52	0.71
INR	cord could	cord could	cord could	cord could	cord could not	--	cord could	cord could	cord could	cord could	cord could	cord could
SOFR	5.2531	5.4502	5.5047	5.5359	0.0000							

Interest Rate Swaps (IRS)

Currency Options- Volatilities-%				RBI Ref Rates Prime		LME (3M)				USDINR NDF		
VOLS	1 mos	3 mos	6 mos	USD		Alum	Nickel	Tin	Zinc	Cobalt	1W	
INR	3.37	3.74	4.24	82.15	8%	A Alloy	21175.0	28205.0	2409.0	0.0	1M	82.08
EUR	6.62	6.28	6.24	92.29	4%	Copper	1850.0	2409.0	2100.5		3M	82.27
JPY	10.70	9.89	9.51	107.44	5.00%	Lead	8498.5	2100.5			1Y	83.38
				59.33	1.30%							