

Buy USD/INR OCT above 71.35 SL 69.80 TGT 71.90/72.60

Rupee weakens in line with Asian peers; US-China trade talks in focus

The Indian rupee weakened on Monday along with the other emerging Asian currencies against the US dollar as fresh doubts over US-China trade talks resurfaced after a report that Beijing may be reluctant on agreeing to a broad deal. The rupee on Monday opened 10 paise down at 70.99 against the US dollar on account of some buying in the American currency by banks and importers. The local currency on Friday settled almost flat at 70.88/dollar after MPC cut policy rate by 25bps.

The RBI maintained its “accommodative” policy stance “as long as it is necessary” to revive growth and ensure inflation remains within the target. The central bank also trimmed its GDP growth rate forecast for FY20 to 6.1% vs 6.9% earlier. On the domestic front, market participants will be keeping an eye on the industrial production data and weaker-than-expected growth could keep the rupee weighed down against the US dollar.



Technical Outlook:

- USD-INR OCT future managed to sustain above the support level of 70.70 on the weekly chart.
- 71.30 works as immediate resistance for USD/INR OCT future, if it closes above it then upside rally continues for the target of 72.10 – 73.20 in the upcoming sessions. On the contrary, if it manages to sustain below 70.70 level then the selling pressure could emerge for the downside target of 69.90-69.0 levels. The pair has its major support at 70.70 level.
- **Fresh Buying is only recommended if it closes above 71.30 level.**

Currency Returns

Particulars	Last	Return					
		5D	1M	3M	6M	1Yr	5Yr
USD/INR	71.18	-0.1%	0.7%	-3.7%	-2.7%	4.5%	-14.2%
EUR/INR	78.02	-0.6%	1.4%	-1.6%	0.2%	9.1%	-0.1%
GBP/INR	86.89	0.3%	2.0%	-1.8%	4.3%	11.7%	13.9%
CHF/INR	71.62	-0.7%	1.1%	-3.8%	-3.2%	4.4%	-10.2%
EUR/USD	1.10	0.0%	-0.9%	-2.2%	-2.7%	-4.5%	-13.6%

Weekly Pivot Table

Currency	S1	S2	Pivot	R1	R2
USD/INR	70.59	70.10	71.06	71.55	72.02
EUR/INR	77.47	76.71	77.99	78.75	79.27
GBP/INR	86.84	85.99	87.45	88.30	88.91
JPY /INR	65.81	64.94	66.32	67.20	67.71