

Key Developments:

- **An Indian parliamentary committee has called the government's fiscal support during the pandemic "inadequate," especially for small businesses, and sought an increase in stimulus to bolster demand, investment and employment.**
- **Even as US GDP for Q22021 disappointed expectations (8.6% QoQsaar) growing by 6.5% from 6.3% in Q12021, the level of US GDP is above the pre-pandemic level. The disappointment mainly from an unexpected contraction in inventories and government spending. US private demand—both consumption and investments—remained fairly robust.**
- **Officials overseeing the U.S. transition away from the London interbank offered rate have formally endorsed a series of forward-looking term benchmarks tied to the Secured Overnight Financing Rate, a move many anticipate will propel its wider adoption across markets.**
- **ECB Executive Board member Fabio Panetta played down the risk of high inflation and overheating in the region.**
- **Bank of Japan board member Asahi Noguchi said that the central bank could start debating a new strategy to achieve price targets toward the end of the year.**

Global Market Developments:

- **EC:** July consumer confidence is reported at -4.4 lower than -3.3 reported last month.
- **US:** Initial jobless claims as of week ending 24th July is reported at 400k, lower than 424k reported in the previous week; higher than market expectation of 380k. Q2 Core PCE derived from the GDP series grew by 6.1% QoQ, higher than 2.7% QoQ growth witnessed in the previous quarter.
- **DE:** July consumer price inflation grew by 3.8% YoY higher than the growth of 2.3% YoY reported last month, also higher than market estimate of 3.3% YoY growth.
- **JN:** June industrial production grew by 6.2% MoM as per preliminary estimate which is in contrast to the contraction of 6.5% MoM in the previous month. June retail sales grew by 3.1% MoM in contrast to a contraction of 0.3% MoM in the previous month.
- **US stock markets ended higher in the previous trading session.** S&P-500 (+0.44%) and Dow Jones (+0.42%) closed in the green.
- **Asian stock markets are trading lower this morning.** Nikkei (-1.34%), Australia ASX-200 (-0.14%) Shanghai Composite Index (-0.53%), Hang Seng (-1.64%) and Kospi (-1.12%) are trading in the red.
- **US treasuries are trading lower this morning.** The 10 Year US yield is trading at 1.248% vs the previous close of 1.269%.

Domestic market developments:

- **The Indian Rupee closed stronger at the 74.28 level against the US dollar in the previous trading session.**
- **The Indian bond markets closed flat with the yield on the benchmark 10-year sovereign bond closing at the 6.20% in the previous session.**

	Remarks
DXY	The U.S. Dollar (DXY) is trading 0.09% higher at 91.95 level. The dollar accelerated its post-FOMC slump as investors continue to interpret it on the dovish side. Dismal US data weighed on demand. Q2 GDP growth moderated, initial jobless claims for week ending July 23, printed worse than expected. Investor focus will remain on the core PCE index to assess the underlying price pressures in the economy. We see continued downside bias in the DXY.
EUR/USD	The EUR/USD pair is trading flat in today's session at 1.1882 level. German inflation jumped to 3.8% in July, well above expectations reflecting the expiration of last year's tax cuts while the EU Economic Sentiment Indicator improved in July. Going ahead, US dollar's bearish tone will keep the pair elevated. Investors will monitor Q2 GDP numbers.
GBP/USD	The GBP/USD pair is trading flat in today's session at 1.3955 level. Broad dollar's weakness and a better market mood boosted the pair. Meanwhile, the UK reported 31,117 new coronavirus cases in last 24 hours weighing on market sentiment. Going ahead, a light economic calendar will mean that the pair moves in sync with overall risk sentiment.
USD/JPY	The USD/JPY pair is trading 0.05% higher at 109.53 level. US Dollar Index hit a one-month low on disappointing data. The Japanese Yen is also gaining on its safe haven appeal despite a pessimistic economic outlook. If US yields continue to drift lower, more downside in the USD/JPY pair is still on the cards.
USD/CNY	The USD/CNY pair is trading lower in today's session at 6.4531 level by 0.05% reflecting the weak global USD trading environment and as fund flows in to EM markets have picked up post the FOMC meeting. The People's Bank of China (PBOC) set the yuan (CNY) reference rate at 6.4602 vs the estimated 6.4596 and the previous at 6.4942.
AUD/USD	The AUD/USD pair is trading marginally lower in today's session at 0.7391 level by 0.05% as market sentiment sours amid the coronavirus concerns. Given prevailing global risk aversion, we see more downside potential in the AUD/USD pair in the near-term.
USD/CAD	The USD/CAD pair is trading higher in today's session at 1.2452 level by 0.06%. The Canadian dollar rose against the greenback after the Bank of Canada (BOC) Governor Tiff Macklem said that "the cost of living will not rise out of control as the economy reopens from the COVID-19 pandemic". In addition, higher crude oil prices boosted the optimism. Investors await the Canadian GDP data to take fresh trading impetus.
Indian Equities	Benchmark indices are expected to open in the red today tracking the Asian equity markets as the rising cases of new infections weighed on the investor sentiment. Moreover, fears over China's actions regarding regulatory restrictions remain intact. Domestically, earnings season will guide the performance of the indices.
Indian Rupee	Indian Rupee may open stronger against the Dollar as the greenback remained flat against major currencies post the outcome of the US FOMC meeting. However, strengthening EM currencies may support the Rupee outlook for today's session.
India G-Sec	Government bond prices are expected to open steady ahead of the weekly debt sale worth INR 320 bn scheduled today. Trade volumes are expected to remain in a thin band as participants may remain cautious ahead of RBI MPC meeting scheduled next week.
Oil (Brent) (USD/bbl)	Global crude oil prices are trading lower but were on track to post solid gains for the week with demand growing faster than supply, while vaccinations dampen the impact of a resurgence in coronavirus cases worldwide. Both benchmark contracts were headed for gains of around 2% for the week, buoyed by indications of tight crude supplies and strong demand in the United States, the world's biggest oil consumer. Brent crude prices are trading at USD 75.69/barrel.
Gold (USD/oz)	Gold prices are trading lower but were on track for biggest weekly gain in more than two months, on renewed signs that the U.S. Federal Reserve may not taper economic support and hike interest rates in the near term. Holdings in the SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, rose 0.6% to 1,031.46 tons on Thursday, marking the first inflow in about a month. Gold is trading at USD 1829.00/oz.

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