

**INR on a wild ride amid border worries- Sino-US trade truce produces bounce in DX, sell off in CHF**

Interbank INR and major pairs	
USDINR	USDINR market remained hyper volatile amid Indo Pak, tariff war worries and massive FX volatility in emerging Asia, especially SE Asia FX. Taiwan Dollar, Korea won and Malaysia ringgit remained front runner in recent Asia FX episode. Some hugely transformative changes are seen in capital flows. An implicit dedolarization may be underway among select Asia countries. Ditch the Dollar- Develop bilateral trade and currency pact may emerge as a long-term trend. At present Euro, UAE Dirham, China Yuan and Hong Kong Dollar are emerging as secondary alternative settlement currency. Dirham and HK are both pegged with USD. CNY is managed by PBOC and less volatile compare to SE Asia FX. Rupee was fairly stable since last 2 years but now tranquility- a peace time dividend era seems to be over. Trump is new normal and so volatility and VUCA world is also a new normal in asset markets. USDINR is showing hyper swings and traded between expanded range of 83.75-88.85 during last few weeks. RBI is managing bond and rupee in proactive and prudent manner. Truly a commendable job in current turbulence. Near term support area is 84.40-86.80, Resi area 84.90-85.55-86.20. Narrow range is 84.50-86.50, "New Normal" range is 83.30-87.70. (New Normal range is 2-4-week time frame). Indo Pak and US-India trade rift, Asia FX volatility are near term wild cards.
EURINR	EURINR is locked between wider range of 94-97. US-China trade truce produced sharp bounce in Dolex and sell off in Europe and Asian Fx. Sharp sell off in CHF and Gold has defused risk premium in non-dollar assets. US Big tech and Bitcoin bounced back. Current recovery in dollar assets looks fragile. European assets are still holding better macro appeal due to relatively sound fiscal conditions. Short term range is 93.70-95.80. Path to least resistance is upward, EUR positive.
GBPINR	GBPINR witnessed profit booking after US-China trade truce. It's a 90 day pause and not a long-lasting solution, still market sigh a sense of relief. Risk premium deflated. Short term range is 110.70-114.20. Broader trend is GBPINR positive as INR is weaker against EU basket compare to DXY basket.
Major FX	
CHFUSD	CHFUSD is near flag bearer in continental currencies. CHF has rediscovered its inner bull, age old flight to quality appeal. Swiss national bank is in very aggressive rate cut mode but capital inflows are pouring in as big money is in search of stable park avenues. Return of money has lost its appeal, return of money – capital preservation mantra is back in the fashion. As long as CHFUSD holds 1.16, trend is positive for continental FX. Short term range is 1.1770-1.2280. CHF may witness huge swing amid reversal of various macro arbitrage and carry trades.
GBPUSD	GBPINR corrected amid broader pullback in EU FX. Market is awaiting more progress and details on US-UK, EU-US trade deal as well as Russia-Ukraine truce hope. Huti, Gaza, Indo Pak wild cards are still open. UK political instability and emergence of right winger candidate Nigel Farage is key attention garner. Mr. Farage is backed by Elon Musk. Elon! Nam hi kafi he! Short term view is neutral.
EURUSD	EURUSD sold off after US-Sino trade truce. A modest rebound noticed in today European trading. Short term range is 1.10-1.1250. Currency ran up from 1.04 to 1.15 during last 8 months. Current phase is consolidative and prices are in structural alignment- realignment mode. German political fragility and stagflation risk, Ukraine -Russia, US-NATO relations are key wild cards. Short term view is neutral.
USDJPY	USDJPY trade turned hyper volatile amid risk on risk off roller coaster. Smart money prefers to own Japan assets. Expected range is 143-149. Long term outlook seems mild positive for JPY.

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