

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	68.65	-0.14%	-3.3%	5%
EUR/INR	77.07	0.03%	-4.7%	-4%
GBP/INR	90.16	0.56%	-3.9%	-1%
JPY/INR	61.61	-0.41%	-2.9%	1%
EUR/USD	1.1223	0.17%	-1.0%	-9%
GBP/USD	1.3134	0.05%	-0.3%	-7%
USD/JPY	111.46	0.13%	-0.3%	4%
USD/CNH	6.7152	-0.16%	0.1%	7%
10 YR YIELD- IN	7.26	(0.01)	(0.11)	(0.07)
10 YR YIELD- USA	2.50	0.03	(0.25)	(0.28)
GOLD (\$/Oz)	1,293	0.0%	0%	-3%
SILVER (\$/Oz)	15.17	0.3%	1%	-8%
BRENT CRUDE (\$/Brl)	69.70	0.5%	7%	2%
COPPER 3M (\$/Ton)	6427	-0.7%	-1%	-4%
NIFTY	11746	0.28%	8.13%	15%
HANGSENG	29879	0.86%	3.70%	-1%
S&P 500	2867	0.00%	2.27%	10%
INR 1M FWD	0.49	0.01	0.18	0.23
INR 2M FWD	0.73	0.03	0.17	0.25
INR 3M FWD	0.94	0.01	0.16	0.26
INR 6M FWD	1.56	0.03	0.06	0.21
INR 12M FWD	2.70	0.02	(0.16)	0.14
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>CTD</b>
FII INVESTMENT- EQ (\$ Mn)	1,381	6,149	8,444	8,444
FII INVESTMENT- DEBT (\$ Mn)	724	2,937	1,284	1,284
TOTAL- (\$ Mn)	2,105	9,085	9,728	9,728

CURRENCY	ECONOMIC DATA
GBP	Services PMI
USD	ADP Non-Farm Employment Change
USD	ISM Non-Manufacturing PMI

#### INDIA NEWSWIRE

1. The Australian Bureau of Meteorology has retained its 'El Nino alert', signalling an approximately 70 per cent chance for the warming event to occur in the East Equatorial Pacific. It also represents triple the normal likelihood of the eventuality, the Bureau said in its update on Tuesday.

#### FX VIEW

Yesterday, there was late day sell-off in the spot, triggered by the actions in the swap market. USDINR spot declined from 69.37 to 68.71, before closing around 68.74. Banking system remains flush with Dollar liquidity. Banks have to participate in another USD 5 billion swap on 23rd April. As a result, banks who are holding the dollar liquidity have swapped from shorter tenor into month end. For example, if a bank had sold spot USD and bought a spot next or a week end forward would now look to rollover the long from the spot next or week end to dates after April 23rd. As a result, the spread between spot and 1 month edged higher at 50 paise. Wider forwards would encourage exporters to sell more in a weak Dollar market and discourage importers from covering their payments. Speculators, looking to play the carry trade would be eager to capture the elevated forward premia (1 month forward yield is now around 8.73% over cash). All these creates more supply of Dollars into the market and less demand. As a result, USDINR spot would remain under pressure.

RBI policy meeting concludes tomorrow and RBI has prepared the ground for a series of rate cuts and higher Rupee liquidity. This is good news for bonds. Indian 10 year govt bonds end on a positive note with the yield on the 10y bond closing 8 bps lower at 7.273%. Rising equity, rising bond prices, coupled with risk on mood in the global market, augurs well for the INR.

In global markets, Dollar failed to hold onto the gains it scored during the Asian and European session, as economic data was weaker than expected. Orders to U.S. factories for big-ticket manufactured goods fell 1.6% in February, the biggest drop in four months, reflecting a plunge in the volatile commercial aircraft category. However, core capital goods orders rose 0.9 percent. Apart from soft US economic data, focus was also on the headlines on Sino-US trade talks. According to media reports, an official from the US Commerce Department announced "US-China trade war talks are at a point where a deal is more likely to go forward than not." US stock markets have been playing the trade deal theme for a quite a long time. There is risk that once a cosmetic deal is announced, the effect may not last long on the financial markets.

In GBP, UK Prime Minister Theresa May's yesterday's day-long meeting with her cabinet had yielded some results. UK PM May announced that she would seek another short-term extension to the Brexit deadline, pushing it back from April 12 but no further than May 22 – that way, the UK can still avoid participation in European parliamentary elections. A "soft Brexit" remains the dominant theme for the GBP traders as of now.

#### TECHNICAL VIEW:

Intermediate trend remains downward for USDINR as prices are holding below 69.60 levels on spot. We would look to sell on a rise between 69.00/69.20 zone on spot. Support is around 68.70/75 zone and thereafter around 68.50 levels and 68.30/35 levels. On majors, EURUSD held 7th March low of 1.1176. Upmove depends on the US jobs/ ISM services data. However, Euro longs need to place stop below 1.1170. We are more inclined to be long GBPUSD on decline. As long as the pair holds above 1.29 handle, our tactical long bias holds.

\*\*\* CHART ON NEXT PAGE\*\*\*



Source: Bloomberg

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