

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	73.04	0.82%	-1.0%	11%
EUR/INR	83.21	0.29%	-2.0%	10%
GBP/INR	94.85	0.54%	-1.4%	11%
JPY/INR	64.49	0.37%	-0.5%	12%
EUR/USD	1.1391	0.03%	-1.2%	-2%
GBP/USD	1.2986	0.12%	-1.0%	-1%
USD/JPY	113.25	0.04%	-0.4%	0%
USD/CNH	6.9146	0.24%	0.3%	4%
10 YR YIELD- IN	7.81	0.03	(0.22)	0.95
10 YR YIELD- USA	3.20	(0.01)	(0.03)	0.87
GOLD (\$/Oz)	1,232	-0.1%	2%	-4%
SILVER (\$/Oz)	14.71	0.0%	1%	-15%
BRENT CRUDE (\$/Brl)	72.49	-0.5%	-14%	17%
COPPER 3M (\$/Ton)	6283	3.2%	0%	-9%
NIFTY	10486	-0.64%	1.64%	0%
HANGSENG	25843	-2.43%	-2.75%	-10%
S&P 500	2723	-0.63%	-5.63%	5%
INR 1M FWD	0.26	0.01	(0.04)	0.03
INR 2M FWD	0.51	(0.01)	(0.06)	0.03
INR 3M FWD	0.75	(0.00)	(0.08)	0.03
INR 6M FWD	1.53	0.01	(0.06)	0.08
INR 12M FWD	3.05	0.05	(0.14)	0.23
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	127	127	(3,625)	(5,631)
FII INVESTMENT- DEBT (\$ Mn)	77	77	(1,274)	(8,384)
TOTAL- (\$ Mn)	205	205	(4,899)	(14,015)

CURRENCY	ECONOMIC DATA
GBP	Services PMI
USD	ISM Non-Manufacturing PMI

INDIA NEWSWIRE

- India and Iran have put systems in place to continue their trade in crude oil, with India winning a temporary waiver from the United States

WORLD NEWSWIRE

- US Director of National Economic Council Kudlow clarified that the trade deal between US and China is still a long way ahead, with possible additional tariffs on China.

FX VIEW

After a prolific finish on Friday, where Rupee scored the biggest single day gain against the US Dollar in 5 years, one would have expected a continuation on Monday morning. However, a strong jobs data from US and fresh spat between RBI & Government could cause USDINR to open higher, around 72.85 levels on spot from 72.43 close on Friday.

Oil prices continue to decline which is a major relief to the Rupee. Trend of oil prices and trend of US Dollar against other major currencies are factors we watch to gauge the path of USDINR over the short to medium term. Oil prices are calling for Rupee below 72.00 but Dollar internationally is not yet so weak. US mid-term polls could change all that.

It is going to be holiday truncated week for us, as celebrate Diwali. However, US citizens will vote in the mid-term elections. If Republican retain the House the Senate, then we could see bullish fireworks in US Dollar and bearish fireworks in US treasury. A win in both the places would be seen as a stamp of approval to President's controversial policies and also an all clear to press ahead with more trade friction, spending boom, tax cuts and anti-emigrations stance, going into the Presidential elections in 2020. All such policies will be inflationary and hence can make Fed tighten faster, causing Dollar to rise against EM currencies, including the Rupee.

If Democrats take the House from GoP, it would halt policy progress and very likely push the President to focus on what he can control without support from the houses – notably, trade policy. In could be negative for the US Dollar and rising uncertainty could be positive for US Treasury. However, US stock market may react negatively. However, once the US stocks stabilize, capital allocators may show interest towards emerging markets. Therefore, the elections are quite important for Indian Rupee, bonds and asset prices. However, Indian bonds are being supported by the falling oil prices.

For the day, we need to watch service PMI releases from India, US and UK.

TECHNICAL VIEW & RUPEE CROSSES:

The recent decline from 74.50 to 72.40 is the steepest correction the pair has witnessed, nearly 3%, since the rally began in February 2018 from 63.30 levels on spot. Though the primary uptrend remains intact as prices are comfortably above the multi-year breakout level of 69.00 but the intermediate trend has turned one of a consolidation. In a event driven week, one way to play would be using a Long Gamma trades like straddle/strangles. If one is looking to lower the premium outgo, then can consider buying reverse iron condor in November series.

*** Please turn to the next page for the chart of the day ***



Though the primary uptrend is intact, but intermediate trend is one of consolidation. The range play is now between 72.30/50 and 73.50 on spot. If prices can claw back above 73.50 sustainably, it would a sign that the consolidation has ended and erstwhile uptrend has resumed. Nevertheless, a breakdown below 72.30, would be bearish for USD, targetting 71.50/70 levels on spot.

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