

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	71.99	0.31%	4.3%	11%
EUR/INR	83.70	0.71%	5.1%	9%
GBP/INR	93.11	1.24%	4.3%	10%
JPY/INR	65.11	0.81%	5.1%	10%
EUR/USD	1.1619	-0.03%	0.2%	-3%
GBP/USD	1.2923	-0.05%	-0.1%	-1%
USD/JPY	110.56	-0.17%	-0.7%	2%
USD/CNH	6.8443	-0.01%	0.3%	5%
10 YR YIELD- IN	8.06	0.01	0.29	1.55
10 YR YIELD- USA	2.87	0.00	(0.10)	0.83
GOLD (\$/Oz)	1,202	0.2%	-1%	-11%
SILVER (\$/Oz)	14.16	0.1%	-8%	-22%
BRENT CRUDE (\$/Brl)	76.48	0.0%	2%	40%
COPPER 3M (\$/Ton)	5928	1.0%	-3%	-14%
NIFTY	11537	0.52%	1.29%	16%
HANGSENG	26923	-0.19%	-4.70%	-2%
S&P 500	2878	-0.37%	0.69%	17%
INR 1M FWD	0.27	(0.01)	0.02	0.03
INR 2M FWD	0.57	0.00	0.07	0.10
INR 3M FWD	0.80	0.01	0.05	0.13
INR 6M FWD	1.55	0.02	0.05	0.21
INR 12M FWD	3.11	0.01	0.11	0.37
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(44)	386	316	(305)
FII INVESTMENT- DEBT (\$ Mn)	(156)	(498)	(39)	(6,148)
TOTAL- (\$ Mn)	(200)	(112)	278	(6,453)

CURRENCY	ECONOMIC EVENT
USD	US NFP

FX VIEW

One more new life time high in Dollar Rupee, this time at 72.10 on spot. It's been a brutal week for the Rupee. One can blame EM currency turmoil or higher oil prices for Rupee's woes but this week Rupee remains one of the weakest in the basket. Domestic concerns in the form of concerns over outflows triggered by the new SEBI directive on NRI investments or even the suggestion to SEBI, from a high powered committee, to tighten regulations for funds flowing from non FATF compliant countries like Mauritius are also adding to the beta on the Rupee. RBI has been quite aggressively defending the Rupee, like it may have done yesterday as well but there is a limit to which that intervention can stop the bleed. On one hand, though equity markets have shown resilience but on the other hand, bond prices have continued their decline, with 10 year yields well above 8 handle. Former is being driven by local money, who has shown little fear from weak Rupee but latter being propped up by foreign flows, which has been steadily moving out. Such a divergence between equity, bonds and currency is not healthy but can persist nevertheless.

In global markets, US stocks had mixed session. Tech heavy Nasdaq fell nearly a percent but outside out tech space, sell-off was limited and that ensured that Dow closes in the green. European, Asian and EM stocks have underperformed the US stocks for some months now. In EM space, India remains an exception, as we have followed the US stocks higher. The divergence is understandable as analysis of the equity ETF flows clearly indicate that global funds are favouring US stocks over EM. At some point, the valuation discount of EMs, thanks to weaker currencies and lower stock prices, would become compelling relative to the rich valuations in US stocks. Once that occurs, we can expect a reversal of these flows and that could also be the end of the Dollar appreciation. However, as of now, the divergence is persisting, and as long as it does, momentum will favour USD over EM currencies.

In global news, US administration has not yet announced any fresh tariffs on China but the threat looms. The U.S. Treasury publishes its next semi-annual report on foreign currency practices in October. China was last on the "monitoring list" of countries with questionable foreign exchange policies. Along with China, US President has trained his guns on Japan as well. This has caused JPY to appreciate. Over the medium term JPYINR still appears quite attractive tactical bet. We have been bullish on the pair for the last 9 months. Our target was around 65.00 levels on spot, which has been achieved, as the pair has rallied from 56.00 to 65.00 during this year. We are going to raise our medium term target on JPYINR from 65.00 to 70.00, on the back of EM turmoil, stealth tapering by Bank of Japan and flames of trade war which is now all set to engulf Japan as well.

TECHNICAL VIEW:

Technically, USDINR remains within a primary uptrend. Unless prices are closing below 69.00, any sharp correction, 1-1.5%, is an opportunity to enter fresh longs on USD and short on INR. However, over the near term, a corrective dip cannot be ruled out. For the day, we would remain buyers closer to 71.60 levels on spot, with stops on a daily closing basis below 71.50. Upside targets are round numbers, viz., 72.00 and 72.50 on spot. Nevertheless, in case of a close below 71.00, downside targets will be 70.70 and 70.40 in the corrective trend. EuroUSD and GBPUSD will take cues from the US jobs data to be released tonight. Expectation are of nearly 190k of job growth for August and 0.2% rise in wages and drop in unemployment rate to 3.8% from 3.9%.

Disclaimer/Disclosures

Disclaimer

Kotak Securities Limited established in 1994, is a subsidiary of Kotak Mahindra Bank Limited. Kotak Securities is one of India's largest brokerage and distribution house. Kotak Securities Limited is a corporate trading and clearing member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), and Metropolitan Stock Exchange of India Limited (MSEI). Our businesses include stock broking, services rendered in connection with distribution of primary market issues and financial products like mutual funds and fixed deposits, depository services and Portfolio Management.

Kotak Securities Limited is also a depository participant with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Kotak Securities Limited is also registered with Insurance Regulatory and Development Authority as Corporate Agent for Kotak Mahindra Old Mutual Life Insurance Limited and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI). We are registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advise/warning/deficiency letters or levied minor penalty on KSL for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. We offer our research services to clients as well as our prospects.

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. This material is for the personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Kotak Securities Ltd. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed. Neither Kotak Securities Limited, nor any person connected with it, accepts any liability arising from the use of this document. The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

Kotak Securities Limited has two independent equity research groups: Institutional Equities and Private Client Group. This report has been prepared by the Private Client Group. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Equities Research Group of Kotak Securities Limited. We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed if any or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Kotak Securities Limited (KSL) may have proprietary long/short position in the above mentioned scrip(s) and therefore may should be considered as interested. The views provided herein are general in nature and does not consider risk appetite or investment objective of particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with KSL. Kotak Securities Limited is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies if any and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

No part of this material may be duplicated in any form and/or redistributed without Kotak Securities' prior written consent. Details of Associates are available on our website ie www.kotak.com Research Analyst has served as an officer, director or employee of Subject Company: NA

We or our associates may have received compensation from the subject company, if any in the past 12 months.

We or our associates may have managed or co-managed public offering of securities for the subject company(ies) in the past 12 months: NA

We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company, if any in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company, if any in the past 12 months. We or our associates have not received any compensation or other benefits from the subject company if any or third party in connection with the research report. Our associates may have financial interest in the subject company if any.

Research Analyst or his/her relative's financial interest in the subject company(ies) : NA

Kotak Securities Limited has financial interest in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report : NA

Our associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Research Analyst or his/her relatives has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NA

Kotak Securities Limited has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NA

Subject Company, if any may have been client during twelve months preceding the date of distribution of the research report.

Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +22 67132430. Website: www.kotak.com / www.kotaksecurities.com. Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: NSE INB/INF/INE 230808130, BSE INB 010808153/INF 011133230, MSEI INE

260808130/INB 260808135/INF 260808135, AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97. Compliance Officer Details: Mr.

Manoj Agarwal. Call: 022 - 4285 8484, or Email: ks.compliance@kotak.com. In case you require any clarification or have any concern, kindly write to us at below email ids:

o Level 1: For Trading related queries, contact our customer service at 'service.securities@kotak.com' and for demat account related queries contact us at ks.demat@kotak.com or call us on: 30305757 (by using your city STD code as a prefix) or Toll free numbers 18002099191 / 1800222299 and 18002099292.

o Level 2: If you do not receive a satisfactory response at Level 1 within 3 working days, you may write to us at ks.escalation@kotak.com or call us on 022-42858445 and if you feel you are still unheard, write to our customer service HOD at ks.servicehead@kotak.com or call us on 022-42858208.

o Level 3: If you still have not received a satisfactory response at Level 2 within 3 working days, you may contact our Compliance Officer (Name: Manoj Agarwal) at ks.compliance@kotak.com or call on 91- (022) 4285 6825.

o Level 4: If you have not received a satisfactory response at Level 3 within 7 working days, you may also approach CEO (Mr. Kamlesh Rao) at ceo.ks@kotak.com or call on 91-(022) 4285 8301.

Level 3: If you still have not received a satisfactory response at Level 2 within 3 working days, you may contact our Compliance Officer (Name: Manoj Agarwal) at ks.compliance@kotak.com or call on 91- (022) 4285 8484.

Level 4: If you have not received a satisfactory response at Level 3 within 7 working days, you may also approach CEO (Mr. Kamlesh Rao) at ceo.ks@kotak.com or call on 91- (022) 4285 8301.