

| INSTRUMENT | LAST PRICE | 1 DAY | 1 MONTH | 1 YEAR |
|------------------------------|--------------|------------|------------|------------|
| USD/INR | 69.55 | 0.17% | -0.2% | 4% |
| EUR/INR | 77.91 | 0.21% | -0.6% | -2% |
| GBP/INR | 90.91 | 0.08% | 0.0% | 0% |
| JPY/INR | 63.22 | 0.43% | 1.1% | 3% |
| EUR/USD | 1.1201 | 0.09% | -0.6% | -6% |
| GBP/USD | 1.3071 | -0.03% | 0.1% | -4% |
| USD/JPY | 109.96 | -0.27% | -1.4% | 1% |
| USD/CNH | 6.7888 | -0.09% | 1.1% | 6% |
| 10 YR YIELD- IN | 7.38 | 0.00 | (0.02) | (0.20) |
| 10 YR YIELD- USA | 2.46 | 0.00 | (0.06) | (0.52) |
| GOLD (\$/Oz) | 1,286 | 0.2% | -1% | -2% |
| SILVER (\$/Oz) | 14.93 | 0.1% | -2% | -9% |
| BRENT CRUDE (\$/Brl) | 70.23 | 0.5% | -1% | -6% |
| COPPER 3M (\$/Ton) | 6180 | -0.9% | -3% | -9% |
| NIFTY | 11442 | -0.49% | -1.40% | 7% |
| HANGSENG | 29192 | -0.58% | -2.94% | -4% |
| S&P 500 | 2884 | -1.65% | -0.40% | 8% |
| INR 1M FWD | 0.27 | (0.02) | 0.00 | 0.03 |
| INR 2M FWD | 0.52 | 0.00 | 0.00 | 0.08 |
| INR 3M FWD | 0.78 | (0.02) | 0.03 | 0.12 |
| INR 6M FWD | 1.55 | (0.01) | 0.11 | 0.22 |
| INR 12M FWD | 3.04 | (0.03) | 0.30 | 0.53 |
| | 1 DAY | MTD | QTD | CTD |
| FII INVESTMENT- EQ (\$ Mn) | 44 | 110 | 1,651 | 9,877 |
| FII INVESTMENT- DEBT (\$ Mn) | (0) | (648) | (2,217) | (949) |
| TOTAL- (\$ Mn) | 44 | (538) | (566) | 8,928 |

| CURRENCY | ECONOMIC DATA |
|----------|--------------------------------------|
| EUR | ECB Monetary Policy Meeting Accounts |

INDIA NEWSWIRE

1. US Commerce Secretary Wilbur Ross on Tuesday repeatedly hit out at India for charging high tariffs on US products, implementing market access barriers, and having a difficult regulatory environment. The US has indicated that it will not cut off India's duty-free access to its markets under the Generalised System of Preferences trade scheme until May 23. India is the largest beneficiary nation under the GSP scheme, having exported goods worth \$5.6 billion to the US in 2017-18.
2. According to media reports, Engineers hoping for an onsite in the US are set to receive another jolt as the Trump administration could soon increase the H-1B visa fee further, pushing IT companies to hire locally in the US.

FX VIEW

Chinese are going to negotiate with "gun on their head" of Friday deadline. The question remains how far the Chinese are willing to compromise to avoid a tariff of 25%. Global stock markets are nervous as the deadline nears. Technical breakdown occurred in S&P500, as a double top and bearish wedge breakdown occurred. Even in Nifty too, a near double top alongwith a head and shoulder breakdown has occurred. If there is confirmation from the Tariff Man that tariffs are going up global and local stock markets can fall sharply.

Overnight US stock markets closed deep in the red and Asian stocks and Asian currencies are under pressure. Economic data from US was impressive with both job openings growing more than expected and consumer confidence improving sharply in May. Euro zone economic data was also impressive. For the Euro, the week started with positive economic data. Eurozone services PMI have been stronger than manufacturing PMIs, and continued to point to expansion in April. German services PMI improved to 55.7, just above the estimate of 55.6. This marked the strongest score since September. The Eurozone services PMI dipped to 52.8, but still beat the forecast of 52.5. Eurozone Sentix Investor Confidence jumped to 5.3, well above the estimate of 1.1. Even the Eurozone retail sales, though slowed to 0.0% in March, but was better than the estimate of -0.1%. Tonight, ECB releases the minutes of its last meeting. ECB has said that it has no plans to raise rates prior to the spring of March 2020. We do not expect much change in that dovish stance.

There were media reports of RBI announcing fresh round of currency swaps. However, much would depend on the trajectory of the Rupee. If elections confirm political stability and Sino-US trade war does not go out of control, then in a strong Rupee environment, a currency swap can be sensible ploy. It would help RBI to mop up Dollars and provide support to India's external sector. At the same time, by infusing Rupee liquidity it will provide support to domestic corporates as well.

TECHNICAL VIEW:

Primary trend is downward, as long as the currency holds below 70.30 on spot. However, the interim view is of no trend. Fresh shorts can be done below 69.19 levels and longs can be done above 70.30, playing a trend reversal. Folks looking to go long for the day need to place stops below 69.18 levels. Or else, traders can also look to sell May end strangle, 70.50 call and 69.00 Put for an inflow of 74 paise. This would be at risk, if the trade war blows out of the control. In INR crosses, we would look to buy on decline in all the three crosses: EURINR, GBPINR and JPYINR.

*** CHART ON NEXT PAGE ***



Source: Bloomberg

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