

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR	
USD/INR	69.65	-0.04%	-0.3%	7%	
EUR/INR	78.48	0.17%	-0.1%	-2%	
GBP/INR	91.09	0.19%	0.2%	-1%	
JPY/INR	62.54	0.06%	-0.5%	3%	
EUR/USD	1.1267	0.04%	0.2%	-9%	
GBP/USD	1.3078	0.13%	-0.5%	-7%	
USD/JPY	111.37	-0.10%	0.1%	4%	
USD/CNH	6.7186	0.02%	-0.2%	6%	
10 YR YIELD- IN	7.39	(0.01)	0.03	0.17	
10 YR YIELD- USA	2.52	(0.00)	(0.11)	(0.26)	
GOLD (\$/Oz)	1,300	0.2%	0%	-3%	
SILVER (\$/Oz)	15.27	0.1%	0%	-7%	
BRENT CRUDE (\$/Brl)	71.20	0.1%	8%	4%	
COPPER 3M (\$/Ton)	6475	1.2%	1%	-4%	
NIFTY	11627	0.19%	5.36%	12%	
HANGSENG	30169	0.31%	6.88%	0%	
S&P 500	2896	0.10%	5.57%	11%	
INR 1M FWD	0.28	0.01	(0.02)	0.05	
INR 2M FWD	0.52	(0.00)	(0.02)	0.06	
INR 3M FWD	0.75	(0.01)	(0.01)	0.08	
INR 6M FWD	1.42	(0.02)	(0.01)	0.11	
INR 12M FWD	2.73	(0.01)	0.02	0.23	
		1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	97	14	14	7,077	
FII INVESTMENT- DEBT (\$ Mn)	(63)	(843)	(843)	(283)	
TOTAL- (\$ Mn)	33	(829)	(829)	6,795	

CURRENCY	ECONOMIC DATA
USD	NFIB Small Business Index
USD	IBD/TIPP Economic Optimism

INDIA NEWSWIRE

1. Passenger vehicle sales in India advanced by only 2.7 per cent in 2018-19 over 2017-18, the Society of Indian Automobile Manufacturers said. Two-wheeler sales rose nearly 4.9 per cent and sales of commercial vehicles grew 38 per cent.

WORLD NEWSWIRE

1. British Retail Consortium UK consumer data - retail sales down, biggest drop since April 2018.

FX VIEW

Now focus is back on oil. Since February, you may have missed my little or lack of mention of oil prices. However, it cannot be ignored anymore. Every new high for 2019, on Brent and WTI will raise the risk premia on Indian bonds and on Indian Rupee too. Over the last few days of April, foreign funds have sold nearly 845 million dollars in the bond segment. Rising oil prices not only makes Indian debt unattractive but also disincentivises carry trade in INR. During a carry trade, a speculators sells USDINR forwards or futures and rolls it on expiry, earning the rolling yield as well as the appreciation in INR in the spot market. Flows and carry trade are two major drivers of the Indian Rupee. In 2018, surging oil prices had led to a reversal in carry trade and massive outflow from the bond market and we all know the impact it had on the prices of USDINR. However, unlike, 2018, inflows may continue in the equity market, as FPIs are playing for a return of NaMo. Therefore, even if Brent crude oil prices were to inch towards 75.00/76.00 dollars a barrel, though there will be negative impact on INR, but the impact may be not as severe as it was last year due to inflows in the equity segment.

Overnight US stock markets closed mixed with Dow marginally lower but S&P and Nasdaq closing in the green. Brent crude is now trading above 71.00 handle. Asian stocks are mixed and Asian currencies are mostly flat. All in all, higher oil may driver USDINR higher today. As a result, we would be buyers on decline in USDINR. Technically there is a scope for a move towards 70.30/50 levels on spot. Key support levels are 69.30/40 and 69.00/69.10 on spot. Bias remains bullish unless oil prices correct sharply. Technically, the key level for the bullish bias to remain intact is the level of 69.00. Spot USDINR needs to hold that level as support, on a closing basis.

GBPUSD continues to chop around as traders await clarity from EU over the extension of the exit date. UK Prime Minister Theresa May will be meeting European leaders to grant her wish of a Brexit delay to June 30, with meetings with French and German leaders due to take place ahead of Wednesday's crunch EU summit. The summit will be followed by UK parliament's crunch vote that provides MPs a final chance to approve a deal. There is a cross-party effort underway to get the MPs to support the deal. As a trade, we would buyers of both GBPUSD as well as GBPINR on decline. On GBPUSD we would maintaining a stop below 1.2950 on a closing basis. Target can be around 1.33 levels against USD. On GBPINR we would maintain a stop below 89.00 and buy the decline.

EURUSD traders have two events to keep an eye on. First, the news Office of the United States Trade Representative proposed levying tariffs on European products. This is to be a countermeasure after the WTO repeatedly found that EU subsidies to Airbus, a major commercial aircraft producer, "have caused adverse effects to the United States". If Trump accepts the proposal then it can be negative for EZ stocks and Euro as well. Keep a watch. Apart from this, ECB meeting this week will also be watched closely. EURUSD, range 1.1180-1.1350.

*** CHART ON NEXT PAGE***



Source: Bloomberg

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