

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	70.54	-0.23%	2.8%	3%
EUR/INR	78.99	-0.31%	2.8%	-1%
GBP/INR	85.61	-0.35%	0.3%	-3%
JPY/INR	66.57	-0.05%	5.3%	7%
EUR/USD	1.1196	0.14%	-0.1%	-3%
GBP/USD	1.2136	0.02%	-2.6%	-5%
USD/JPY	106.00	-0.07%	-2.7%	-5%
USD/CNH	7.0763	0.00%	2.6%	3%
10 YR YIELD- IN	6.41	0.01	(0.18)	(1.34)
10 YR YIELD- USA	1.70	(0.02)	(0.37)	(1.23)
GOLD (\$/Oz)	1,507	0.4%	8%	24%
SILVER (\$/Oz)	17.09	0.9%	13%	11%
BRENT CRUDE (\$/Brl)	57.22	-0.3%	-11%	-21%
COPPER 3M (\$/Ton)	5798	1.6%	-2%	-6%
NIFTY	11099	0.61%	-3.95%	-3%
HANGSENG	26047	-0.28%	-7.36%	-9%
S&P 500	2938	1.88%	-1.39%	3%
INR 1M FWD	0.23	0.01	(0.01)	(0.03)
INR 2M FWD	0.45	0.00	(0.02)	(0.06)
INR 3M FWD	0.68	0.00	(0.03)	(0.07)
INR 6M FWD	1.39	0.00	(0.12)	(0.11)
INR 12M FWD	2.89	0.01	(0.28)	(0.11)
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(72)	(1,230)	(3,164)	8,175
FII INVESTMENT- DEBT (\$ Mn)	153	80	1,305	2,734
TOTAL- (\$ Mn)	81	(1,150)	(1,858)	10,909

CURRENCY	ECONOMIC DATA
GBP	GDP & Manufacturing Production

FX VIEW

Second term of the Modi government has begun on high gear. In 2019, the pace at which the government is acting on all fronts: economic, financial markets, social, science and technology and security, are simply phenomenal. That momentum has continued all throughout this week as well. On one hand government integrated J&K and Ladakh into India by abolishing article 370 and 35A and on the other hand, Financial minister, and Prime Minister have been holding marathon meetings with industry leaders and entrepreneurs to look at ways to boost not only, country's short term growth but also long term prospects as well.

In those meetings a number of suggestions have received attention of Gol and they are:

- 1) Provide sops to the automobile sector.
- 2) Tax overhaul by way of direct tax code.
- 3) Not penalise corporates who have not met CSR norms.
- 4) Rollback higher surcharge on FPIs.
- 5) Exempt tax on capital gains if the equity and equity holdings are held for over 3 years.

A number of other suggestions have been given to Gol. We expect an announcement possibly by end of week or early next week. If Gol offers relief to FPIs, which is widely expected, it may extend the counter trend bounce that started yesterday in the equity markets. However if Gol also announce various sops to boost income in the hands of households and also credit availability in the economy, then it can be provide strong legs to the equity rally.

India Rupee would benefit if the sops come through. We are already seeing USDINR in the NDF market is quoting below the key support level of 70.50 on spot reference. However, bigger the sop, bigger the risk of revenue slip-page for government and that may cause bond yields to harden. 10 year yields can touch 6.60% in that case. However, Rupee may couple with equity in this risk on recovery.

In a positive development for the onshore currency market a RBI appointed task force on offshore rupee markets has recommended that Indian banks be allowed to freely offer prices to non-residents and extend local market timings to match that of the offshore derivatives markets to attract some part of the offshore volumes onshore and also allow domestic participants better price discovery. We have to wait for some time before we get to know the central banks stance on the same. However we are hopeful that RBI, under the leadership of Shaktikanta Das, is committed to developing the onshore currency and bond markets and hence we can say with some clarity " Aur bhi acche Din ane wale hain".

Overnight US stocks clocked nearly 2% gains. Asian stocks are following through. Asian currencies are mostly flat. Brent crude is holding below 58 handle. All are positive indications for domestic equity market and as well as Rupee.

TECHNICAL VIEW & RUPEE CROSSES:

In USDINR, trend is upward. USDINR is exhibiting a high correlation with USDCNH. USDINR is managing to hold the double bottom breakout zone near 70.50, on every intra-day correction, which is bullish. Going long between 70.45/50 on spot basis is advisable with stop below 70.40 on spot. Below 70.40, one can play for 70.20 & 70

*** CHART ON NEXT PAGE ***

Nifty 50 Index · 1W · NSE · O10895.60 H11120.30 L10782.60 C11111.30 +113.95 (+1.04%)
Fractals (240) | 0.00 0.00 n/a
Ichimoku (9, 26, 52, 26) | 11391.48 11344.35 11111.30 10804.18 10856.05

NIFTY 50 INDEX

**Nifty held the primary uptrendline which is also
the 61.8% of the 2018/19 bullish move**



**10800 has become the maginot line after
this test. Bulls have life above but bears
would be back with even more force
below 10800**

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