

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	73.99	-0.11%	2.1%	12%
EUR/INR	85.02	0.04%	1.4%	10%
GBP/INR	96.86	0.32%	3.3%	11%
JPY/INR	65.42	0.17%	0.3%	11%
EUR/USD	1.1491	-0.01%	-0.9%	-2%
GBP/USD	1.3092	0.02%	0.5%	0%
USD/JPY	113.10	-0.11%	1.7%	0%
USD/CNH	6.9166	-0.06%	0.7%	4%
10 YR YIELD- IN	7.99	0.02	(0.04)	1.21
10 YR YIELD- USA	3.24	0.01	0.30	0.88
GOLD (\$/Oz)	1,191	0.3%	0%	-7%
SILVER (\$/Oz)	14.42	0.3%	2%	-15%
BRENT CRUDE (\$/Brl)	84.40	0.6%	10%	51%
COPPER 3M (\$/Ton)	6178	0.1%	4%	-7%
NIFTY	10344	-0.04%	-10.74%	4%
HANGSENG	26298	0.37%	-2.50%	-7%
S&P 500	2884	-0.04%	0.44%	13%
INR 1M FWD	0.30	0.02	0.05	0.05
INR 2M FWD	0.57	(0.00)	0.01	0.07
INR 3M FWD	0.83	(0.01)	0.06	0.13
INR 6M FWD	1.59	(0.01)	0.08	0.21
INR 12M FWD	3.22	0.00	0.07	0.43
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(681)	(1,417)	(1,417)	(3,423)
FII INVESTMENT- DEBT (\$ Mn)	80	(137)	(137)	(7,247)
TOTAL- (\$ Mn)	(601)	(1,555)	(1,555)	(10,670)

CURRENCY	ECONOMIC EVENT
GBP	MPC Member Broadbent Speaks

INDIA NEWSWIRE

1. According to data from AMFI, a massive outflow from liquid funds occurred in September. Outflows from liquid funds alone totalled Rs 2.11 lakh crore. This is an indication of tightening liquidity in the money market, especially for issuers with credit risk, which is an adverse development for NBFC/HFC industry and hence for India's growth.
2. India may continue to buy oil from Iranian oil but this will be done with an aim to create a rupee-based trading mechanism.

WORLD NEWSWIRE

1. China will increase export tax rebates from Nov. 1 and quicken export tax rebate payments to support trade.

FX VIEW

Brent crude is down 2% from its highs but the trend still remains upward and that could be the reason why Rupee is unable to benefit from the corrective decline in oil prices over the past couple of trading sessions. The usual suspects are very much there, rising US yield, major currencies trading flat to weak against USD, weak Asian currencies and elevated oil prices. However, domestic markets are trading higher, with equity indices posting gains of 0.5% and Indian 10 year Goisec holding below 8.00%, are supportive for Rupee. However, if the gains in equity market evaporate going into mid-day, it can once again push USDINR towards the all time highs of 74.21 on spot.

Trade war is taking a toll on global trade and hence global growth. The International Monetary Fund on Tuesday cut its global economic growth forecasts for 2018 and 2019, saying that trade policy tensions and the imposition of import tariffs were taking a toll on commerce while emerging markets struggle with tighter financial conditions and capital outflows. IMF forecasting 3.7 percent global growth in both 2018 and 2019, down from its July forecast of 3.9 percent growth for both years. IMF has warned that the bulk of the impact of trade war can be felt next two years. However, IMF has not downgraded its outlook for growth for the Indian economy, which they predict will grow 7.3% in 2018 and 7.4% in 2019.

We believe, that as long as the capital flows are not reversing direction from current trajectory of east to west, towards west to east, structural trend would remain negative for EM currencies, including Rupee. Apart from EM headwind, Rupee has to also negotiate the election risk as well. Three major states go to polls in November-December, Rajasthan, Chhattisgarh and MP. Market would see them as semi-finals before the big final next year around May-June. If BJP can spring a 2-1 or 3-0 win it can reduce the political risk premium in the Rupee.

TECHNICAL VIEW & RUPEE CROSSES:

USDINR is trading around 74.01 on spot. Technically, USDINR remains in an uptrend. If the pair manages to sustain above 72.90 on spot, above the last few weeks range of 71.50-72.90, then it can aim for 74.50/75.00 on spot. Nevertheless, if the pair fails to sustain above 72.90, then we can expect the old range of 72.00 and 73.00 to come into play. On crosses, buy on dips in EURINR with stop below 83.80 & on GBPINR with stop below 94.00 on spot. JPYINR has broken out above a major downward sloping trendline. Buy on decline with stop below 63.00 for an initial target of 67.00/68.00 on spot, and eventually towards 70.00 levels.

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