

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	70.01	0.09%	1.3%	4%
EUR/INR	78.62	0.46%	0.8%	-2%
GBP/INR	91.07	0.26%	0.6%	0%
JPY/INR	63.81	0.14%	2.3%	4%
EUR/USD	1.1228	0.12%	-0.4%	-6%
GBP/USD	1.3008	-0.05%	-0.6%	-4%
USD/JPY	109.72	-0.02%	-1.2%	0%
USD/CNH	6.8406	0.05%	1.8%	7%
10 YR YIELD- IN	7.41	0.01	0.04	(0.31)
10 YR YIELD- USA	2.44	(0.00)	(0.02)	(0.52)
GOLD (\$/Oz)	1,287	0.2%	-2%	-3%
SILVER (\$/Oz)	14.79	0.2%	-3%	-12%
BRENT CRUDE (\$/Brl)	70.35	-0.1%	-2%	-9%
COPPER 3M (\$/Ton)	6102	-0.7%	-6%	-10%
NIFTY	11303	0.01%	-2.43%	5%
HANGSENG	28493	0.64%	-5.40%	-8%
S&P 500	2871	-0.30%	-0.61%	5%
INR 1M FWD	0.26	0.01	(0.08)	0.03
INR 2M FWD	0.52	(0.00)	(0.11)	0.05
INR 3M FWD	0.76	0.01	(0.12)	0.08
INR 6M FWD	1.49	0.01	(0.16)	0.12
INR 12M FWD	2.96	0.02	(0.02)	0.25
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(110)	405	1,946	10,172
FII INVESTMENT- DEBT (\$ Mn)	129	(532)	(2,102)	(833)
TOTAL- (\$ Mn)	19	(127)	(155)	9,339

CURRENCY	ECONOMIC DATA
GBP	Prelim GDP
USD	CPI

INDIA NEWSWIRE

1. According to media reports, Trump administration will expand the number of countries it scrutinizes for currency manipulation in an upcoming report, but remove India from the list. Vietnam may be named a manipulator outright for artificially holding down the value of the dong. Treasury issues a report twice annually on foreign currencies. In the latest report, expected this month, the number of countries whose currency practices the US examines for possible manipulation will rise to about 20, from 12.
2. In India's MF industry, Total assets under management registered a marginal rise in April, even as net flows in equity funds fell to the lowest level since September 2016. However, Equity systematic investment plans stood out in the crowd, racing to an all-time high.

FX VIEW

US President confirmed the media report about a letter from the Chinese President to US President. President Trump said, "Let's work together, let's get something done," was what President Xi wrote in the letter. US President may call up his Chinese counterpart later in the day. Negotiators for the U.S. and China will meet at 5 p.m. ET, Trump said. He had set a midnight deadline to slap additional tariffs on China, though he has suggested that his administration might reverse its decision depending on progress in the negotiations.

Though Asian stocks are up and even crude has bounced back to 70.50 on Brent, but the Chinese currency ain't buying it. USDCNH pinned above 6.83, way above the 6.72 levels it traded before the letter came in. However, its off its highs of 6.86, seen yesterday.

Indian Rupee has an interesting mix at play here. Election results are less than a fortnight away. That would keep speculators away from taking large directional bets. At the same time, economic data from India has been very lacklustre. Slowdown in household consumption growth, corporates cutting back on investment ahead of elections and now even Government cutting back on spending to balance books has hurt the economic momentum. At the same time, formalisation in the economy is taking its toll on the informal sector. In such a mix, flows can remain tepid, at least till the election results are out. Add to this the global twin factors: trade war and oil prices. For the last one week as trade war dominated headlines, oil prices dropped. Rupee was unable to benefit from the fall in oil prices as risk off sentiments overshadowed lower oil. Over the next week, if the trade war were to subside, then global equity market will rise and so will oil prices. In such a scenario, Indian equity may see some inflows, but bond will witness outflows. Therefore, it appears that downside could be limited around 69.40/50 levels on spot.

TECHNICAL VIEW & RUPEE CROSSES:

Dollar Rupee, which had zoomed to 70.30 yesterday in the NDF, has now pulled back to 70.00, indicating a flat open. Volatility can be high today, depending on which way the talks go. Having said that, USDINR has backed off from a key technical resistance zone between 70.05/70.10 on spot and therefore, if the risk sentiments improve, we can see speculators short the pair aggressively. USDINR, if holds below 70.10 on spot, can test 69.70/75 and below that, around 69.60 levels on spot. Nevertheless, incase of a valid break above 70.10, it can aim for 70.40 and even 70.90 levels on spot.

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Source: Bloomberg

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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: INZ000200137(Member of NSE, BSE, MSE, MCX & NCDEX), AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97.

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