

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	68.79	0.10%	2.0%	6%
EUR/INR	80.82	-0.12%	1.7%	9%
GBP/INR	91.08	-0.66%	1.2%	9%
JPY/INR	61.92	-0.55%	1.0%	9%
EUR/USD	1.1747	-0.03%	-0.3%	3%
GBP/USD	1.3240	-0.15%	-1.0%	3%
USD/JPY	111.09	0.22%	1.0%	-3%
USD/CNH	6.6130	-0.16%	3.2%	-3%
10 YR YIELD- IN	7.90	0.01	(0.05)	1.42
10 YR YIELD- USA	2.86	0.01	(0.08)	0.49
GOLD (\$/Oz)	1,259	0.1%	-3%	4%
SILVER (\$/Oz)	16.13	0.1%	-5%	3%
BRENT CRUDE (\$/Brl)	78.42	0.4%	3%	67%
COPPER 3M (\$/Ton)	6390	1.7%	-13%	10%
NIFTY	10912	0.55%	1.34%	12%
HANGSENG	28798	0.38%	-6.98%	13%
S&P 500	2784	0.88%	0.18%	15%
INR 1M FWD	0.26	(0.01)	0.02	(0.02)
INR 2M FWD	0.50	0.00	0.03	(0.01)
INR 3M FWD	0.75	0.00	0.03	(0.00)
INR 6M FWD	1.52	0.02	0.07	0.02
INR 12M FWD	2.98	0.01	0.11	0.06
	1 DAY	MTD	QTD	YTD
FII INVESTMENT- EQ (\$ Mn)	(171)	(98)	(98)	(720)
FII INVESTMENT- DEBT (\$ Mn)	(205)	(81)	(81)	(6,190)
TOTAL- (\$ Mn)	(376)	(179)	(179)	(6,909)

CURRENCY	ECONOMIC EVENT
EUR	German ZEW Economic Sentiment

INDIA NEWSWIRE

- India and South Korea have agreed to reduce tariffs on 11 items under an early harvest programme signed between the two sides as part of the on-going negotiations for upgrading the existing Comprehensive Economic Partnership Agreement.

WORLD NEWSWIRE

- Mario Draghi has delivered a bullish assessment of the eurozone's economic prospects, saying monetary stimulus undertaken by policymakers had been and would continue to be "very effective" in boosting growth and inflation

FX VIEW

Dollar Rupee continues oscillating between 68.40/50 and 69.00 levels on spot. Oil price maintains its uptrend but USDCNH has cooled off towards 6.61. US Dollar is largely flat against major Asian currencies. Majors, Euro, GBP and JPY has drifted lower against USD and that is providing support to USDINR. Domestic equity markets are trading higher, in line with Asian and US equities. Divergences are galore in the intermarket space. Rupee continues to an underperformer in Asia and EM basket. On one hand, Nifty is less than 3 percent shy of all time highs, but on the other hand, many mid-small-micro cap stocks have been battered black and blue. In the debt market, Indian long bond yields, are refusing to head lower, with 10 year back above 7.90%, even though US long bond yields are comfortably down from their 52 week highs. Stress is on emerging markets. Trade war is slowing opening up political war between US, EU and China. Germany and China have reiterated that they are committed to the 2015 nuclear deal between Iran and the P5+1 group of countries following the United States' withdrawal. These are indications that things could ugly before they better. A trade-political war is bad news for the global economy and global financial markets but emerging markets, led by China will be worse affected. We have seen how CNH/CNY has depreciated, succumbing to capital outflows. Chinese central bank stepped in with intervention, verbal and actual, and they have even stopped infusing liquidity in the economy. For the past one week, Chinese central bank has refrained from infusing liquidity in the interbank through open market operations. PBOC is slowly draining liquidity to support the Yuan. A weak Yuan will encourage even more capital outflows from China and adversely impact their stock market. Various media reports have suggested that leverage in Chinese stocks have soared past 2015 peak and hence the ongoing meltdown can create problems for lenders and borrowers.

Technically, USDINR is caught within a horizontal range of 68.40/50 and 69.00. Incase the pair breaks out above 69.00 and sustains, then we can expect a move towards 69.50/60 zone on spot. Buy on decline remains the trade as long as the spot holds above the above support. Nevertheless, incase spot breaks down below 68.40 and sustains, we would reverse to short as a trade for 67.70 would become active.

On majors, we remains bullish on Euro, GBP and JPY. GBP appears to be pricing a lot of negative from political situation in UK. We are skeptical as to how eager would the other members in Ms May's party will be to replace her and steer UK during this difficult period of Brexit negotiations. Therefore, if May survives and political risk fades a bit, we expect GBPINR to appreciate towards 92.00 levels on spot.

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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: NSE INB/INF/INE 230808130, BSE INB 010808153/INF 011133230, MSEI INE 260808130/INB 260808135/INF 260808135, AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97. Compliance Officer Details: Mr. Manoj Agarwal. Call: 022 - 4285 8484, or Email: ks.compliance@kotak.com. In case you require any clarification or have any concern, kindly write to us at below email ids:

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