

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	68.65	0.15%	-1.5%	0%
EUR/INR	76.94	0.20%	-2.4%	-5%
GBP/INR	85.50	0.17%	-3.2%	-7%
JPY/INR	63.03	0.02%	-1.8%	2%
EUR/USD	1.1208	0.00%	-0.9%	-5%
GBP/USD	1.2454	-0.09%	-1.8%	-6%
USD/JPY	108.90	0.05%	0.4%	-2%
USD/CNH	6.8909	-0.07%	-0.8%	3%
10 YR YIELD- IN	6.61	0.02	(0.47)	(1.29)
10 YR YIELD- USA	2.07	0.01	(0.07)	(0.78)
GOLD (\$/Oz)	1,393	-0.3%	5%	11%
SILVER (\$/Oz)	15.08	-0.2%	3%	-6%
BRENT CRUDE (\$/Brl)	64.76	0.9%	4%	-18%
COPPER 3M (\$/Ton)	5822	-1.2%	0%	-9%
NIFTY	11549	-0.06%	-3.13%	5%
HANGSENG	28242	0.45%	2.40%	-2%
S&P 500	2980	0.12%	3.22%	7%
INR 1M FWD	0.24	(0.02)	0.01	(0.02)
INR 2M FWD	0.47	0.00	(0.02)	(0.04)
INR 3M FWD	0.71	(0.03)	(0.01)	(0.04)
INR 6M FWD	1.51	(0.03)	0.07	0.01
INR 12M FWD	3.17	(0.06)	0.24	0.20
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>CTD</b>
FII INVESTMENT- EQ (\$ Mn)	(48)	(416)	(416)	10,923
FII INVESTMENT- DEBT (\$ Mn)	194	680	680	2,108
TOTAL- (\$ Mn)	146	263	263	13,030

CURRENCY	ECONOMIC DATA
GBP	Manufacturing Production
USD	Fed Chair Powell Testifies

#### INDIA NEWSWIRE

- Sanjeev Sanyal, principal economic advisor to the Union finance ministry, on Tuesday said the government is working on creating a "sovereign benchmark" for raising cheap debt from overseas markets. He said low cost borrowings from overseas market would largely reduce the crowding out effect in the domestic debt market and help maintain fiscal prudence. He added that there is need to reduce the spread between lending and deposit rates, which is very high in India. This reduction of spread will help in lowering the cost of capital without affecting savings rate.

#### WORLD NEWSWIRE

- U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin spoke to Chinese Vice Premier Liu He and Commerce Minister Zhong Shan on Tuesday

#### FX VIEW

In the next 24 hours, there are 2 major event risks that could change the course for currencies. The most significant will be Federal Reserve Chairman Powell's testimony on the economy and monetary policy and then the release of the minutes of the last policy meeting of the US central bank. The jobs report was better than expected but was it good enough to tip the scales for the Fed? The Fed Fund futures market is betting on a 100 percent probability of a 25 bps cut. The call for 50 bps cut has evaporated after the strong NFP and also hawkish comments from some Fed members. Fed is the biggest known unknown risk for markets. If they do not oblige markets with a campaign to lower rates, starting this month, the reaction from bond, credit, currencies, bullion and equity market markets can be quite adverse.

Indian Rupee would also react to what Fed Chairman has to say. Today Rupee may open a bit weaker, around 68.60 levels on spot, from 68.54 close, on the back of strength in Dollar against majors and the Asian currencies. Crude oil too has bounced a bit now Brent is trading just under 65 handle. With capital inflows lined up and high carry, USDINR remains a strategic short play. However, the pace of decline may be slow as RBI intervenes and trader stay cautious going into the Fed event.

#### TECHNICAL VIEW & RUPEE CROSSES:

Primary downtrend remains intact in USDINR. However, the pair failed to break below its 4 month range bottom around 68.30/40 levels on spot. USDINR has bounced back towards 68.85 levels on spot. However, the counter trend bounce failed to carry beyond 69.00 and quickly fizzled out. It probably shows how weak the trend in USDINR is. Therefore, we would look to enter fresh shorts on USDINR and add to them on rise, with a closing stop above 69.00 on spot basis. Short range forward structures using month end option or even ratio spreads can be considered as long as the pair holds below 69.00 levels on spot. If the pair breaks down below 68.30 and sustains, then it can secure the needed momentum for the next leg of the downtrend, for a target of 67.50/70 zone

In Rupee crosses counter trend bounce is underway. EURINR can correct higher, towards 77.60/78.30 zone, where fresh shorts can be entered. On GBPINR structure remains firmly bearish but a counter trend bounce can take prices all the way up to 87.50/88.00 levels, where fresh shorts can be entered. On JPYINR, bias remains bullish as long as the pair holds above 62.80 levels on spot on a daily closing basis.

\*\*\*\* CHART ON NEXT PAGE \*\*\*\*

U.S. Dollar / Indian Rupee - 1W - OANDA 059.810 H60.456 L59.624 C59.899 +0.089 (+0.15%)

Indimaku (9, 26, 52, 26) 61.289 61.899 61.700 63.213 60.681

### USDINR WEEKLY



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