

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	72.34	-0.17%	3.3%	12%
EUR/INR	83.89	0.06%	5.2%	9%
GBP/INR	94.31	0.68%	5.5%	10%
JPY/INR	64.93	-0.43%	2.6%	9%
EUR/USD	1.1595	0.01%	1.6%	-3%
GBP/USD	1.3037	0.08%	2.1%	-1%
USD/JPY	111.41	0.25%	0.6%	2%
USD/CNH	6.8752	0.09%	-0.3%	5%
10 YR YIELD- IN	8.15	(0.01)	0.40	1.59
10 YR YIELD- USA	2.93	0.00	0.06	0.80
GOLD (\$/Oz)	1,194	-0.1%	0%	-10%
SILVER (\$/Oz)	14.16	-0.1%	-6%	-20%
BRENT CRUDE (\$/Brl)	77.50	0.2%	6%	44%
COPPER 3M (\$/Ton)	5910	-0.4%	-5%	-12%
NIFTY	11438	-1.30%	0.08%	14%
HANGSENG	26555	-0.22%	-6.39%	-5%
S&P 500	2877	0.19%	1.55%	16%
INR 1M FWD	0.27	0.01	0.02	0.04
INR 2M FWD	0.56	0.00	0.06	0.10
INR 3M FWD	0.82	0.02	0.06	0.13
INR 6M FWD	1.58	0.04	0.08	0.21
INR 12M FWD	3.16	0.07	0.17	0.39
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	19	286	216	(406)
FII INVESTMENT- DEBT (\$ Mn)	(86)	(686)	(227)	(6,336)
TOTAL- (\$ Mn)	(67)	(400)	(11)	(6,741)

CURRENCY	ECONOMIC EVENT
GBP	UK Jobs report
EUR	German ZEW Economic Sentiment

INDIA NEWSWIRE

1. According to media reports, the Securities and Exchange Board of India is looking at including non-resident Indians (NRIs) in the foreign portfolio investors quota. Total assets owned by NRI investors in Indian equities are less than half a billion dollars.
2. The country's largest lender State Bank of India has kept on hold plans to raise dollar funds through maiden issue of green bonds, due to high volatility in international markets. SBI was looking to raise over \$500 million through green bonds.

FX VIEW

Yesterday, the up move in USDINR smacked of panic. Dollar liquidity has been strained as exporters are showing reluctance to convert and hedge and importers are exhibiting panic. Speculative pressure have increased significantly on the Rupee from the offshore market, evident from the widening premium on USDINR forwards over onshore forwards. Currently, USDINR 1 month forwards are quoting a premium of 15-18 paise on the NDF over onshore forwards, a significant increase from 5-8 paise it used to quote a couple of months back. As long as NDF quotes a significant, onshore participants will be reluctant to sell USD aggressively and local traders will be eager to bid up the pair. Central bank remains the major supplier of USD in the market. On days, when RBI intervention is not as heavy, USDINR is moving up sharply, due to lack of dollar supplies. Over the near term, we expect RBI intervention to increase significantly to stem the fall in the Rupee. Over the medium term, for the trend to reverse, there needs to be a reversal in the EM trade. Currently emerging market currencies are under fire due to political instability in several countries, macro-economic weakness, slowdown in the Chinese economy, trade war and squeeze in the cost of dollar funding. For currencies like Rupee, additional headwind remains the Rupee.

RBI has several tools up its sleeves to combat the fire of strong Dollar. Apart from intervention, it can use the interest rate lever, raise it to support Rupee. However, rate lever is considered as one of the last option as it can do significant collateral damage to the financial markets and the macro economy. RBI can also look at incentivizing NRI deposits like they did in 2013, but it entails sizable cost on RBI. At the same time, if SEBI's proposal to Gol is accepted about allowing NRI investments through FPI route it can provide a boost to Dollar inflows. All in all, though USDINR is showing tendency of runaway appreciation, but RBI has tools to calm the markets down.

TECHNICAL VIEW & RUPEE CROSSES:

Technically, USDINR remains in an uptrend. However, near term pullback of 1-1.5% cannot be ruled out. For the day, we would buyers on dips with stop below 72.00 on spot. Resistance remains around 72.70, 73.00 & 73.50.

Rupee pairs like EURINR, GBPINR and JPYINR continue to march higher due to Rupee weakness. On EURINR we would be considering fresh tactical longs only on a decline towards 82.00 levels on spot. On GBPINR, the pair is getting a lift from positive developments on Brexit. According to CFTC report speculative funds are heavily short on GBPUSD in the CME. If the Brexit headlines continue to evolve well for UK, we can expect a sizable short covering rally in GBP. We would not rule out a move towards 100/101 on GBPINR over the next couple of months under that scenario. For fresh tactical longs, buying between 92.00/93.00 can be considered with stops below 90.00 handle. On JPYINR, we continue to remain bullish as we upgraded our medium term target from 65.00 to 70.00 However, for fresh longs we would wait for a corrective dip towards 63.00/63.50 on spot.

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