

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	73.39	-0.10%	0.7%	12%
EUR/INR	83.59	0.28%	-1.2%	10%
GBP/INR	94.19	0.23%	-1.0%	9%
JPY/INR	65.58	0.11%	2.6%	13%
EUR/USD	1.1390	-0.03%	-1.6%	-2%
GBP/USD	1.2833	0.07%	-1.6%	-3%
USD/JPY	111.92	0.01%	-1.8%	-1%
USD/CNH	6.9644	0.17%	1.1%	5%
10 YR YIELD- IN	7.82	(0.06)	(0.20)	1.02
10 YR YIELD- USA	3.08	0.00	0.02	0.67
GOLD (\$/Oz)	1,233	0.0%	4%	-3%
SILVER (\$/Oz)	14.67	-0.2%	1%	-13%
BRENT CRUDE (\$/Brl)	77.57	-0.1%	-6%	28%
COPPER 3M (\$/Ton)	6160	-1.1%	-2%	-12%
NIFTY	10079	0.49%	-7.79%	-2%
HANGSENG	24701	-0.07%	-11.11%	-13%
S&P 500	2659	-1.73%	-8.76%	3%
INR 1M FWD	0.26	(0.02)	(0.04)	(0.01)
INR 2M FWD	0.54	(0.02)	(0.01)	0.04
INR 3M FWD	0.78	(0.03)	(0.05)	0.05
INR 6M FWD	1.58	(0.01)	(0.01)	0.11
INR 12M FWD	3.06	(0.02)	(0.03)	0.24
		1 DAY	MTD	QTD
FII INVESTMENT- EQ (\$ Mn)	(182)	(3,054)	(3,054)	(5,059)
FII INVESTMENT- DEBT (\$ Mn)	169	(1,450)	(1,450)	(8,560)
TOTAL- (\$ Mn)	(13)	(4,504)	(4,504)	(13,619)

CURRENCY	ECONOMIC DATA
GBP	BOE Inflation Report & MPC
USD	ISM Manufacturing PMI

FX VIEW

After a tumultuous October, global stock markets at least closed the final day strongly in the green, with most major markets up between 1-2%, including the US stocks. US Dollar rally has stalled for the moment, at least against majors, as both Euro and GBP have bounced from their 2018 lows, a kind of a possible double bottom on charts. Even the USCNH is stalling around 6.98 levels, it seems sellers of CNH could be catching a cold feet as the pair fails to break past the psychological 7 handle. We would expect the Chinese central bank to defend the 7 handle quite aggressively, as failure to do so can create a major short squeeze in the pair, rising 7.5 and higher levels, which can be dangerous for the Chinese financial markets and also EM markets. Therefore, the big question remains, will USDINR too now stall above 74.00 and return to base around 73.30/zone. Over the past couple of weeks, RBI used to be a major seller above 74.00 (remember the \$5 billion drop in FX reserve in a single week, when the pair was trading around 74.40). Interestingly, RBI was missing from action yesterday. We hope RBI does not convey its displeasure to the GoI about its intervention in its policymaking, by not intervening in FX markets, when it is needed. Otherwise, things can get nasty quite quickly.

For the day, major events to watch will be on GBP, where BoE governor is going to present the quarterly inflation outlook and monetary policy. Apart from that, Brexit headlines have come positive and can support GBP further. Brexit minister Raab hinted of a deal being ready by November 21. However, focus today will be squarely on Carney. If he chooses to focus on risk of Brexit affecting growth, then GBP may retrace much of the overnight gains. However, with large shorts already positioned in the pair, it could require significant dovishness from BoE to sustain GBP at lower levels. Instead, if BoE chooses to focus on the trio: rising inflation, strong wage growth and low unemployment, then GBP can head higher towards 1.2930/50 levels and can even test 1.2980/1.30

On USD, ISM PMI will be the key event. Overnight, private job survey ADP showed solid jobs growth and in other data. In October, private sector non-farm employment grew by 227K, way above the 188K forecast, but the earlier reading was downgraded from 230K to 218K. Gains were broad-based across all industries. In other news, employment cost index for Q3 came in better than expected at 0.8% versus the estimated 0.7% increase and the earlier 0.6% gain, reflecting higher wages. On the flip side, the Chicago PMI turned out weaker than expected as it slid from 60.4 in September to 58.4 in October due to slowdown in growth of new orders. Housing market indicator, Case-Shiller numbers show that home prices were still increasing in all 20 cities covered by the index and in the U.S. as a whole, but price increases were getting smaller. Housing market has been a soft spot in the US economy, as rising mortgage and high prices hurt the demand in the sector. However, the slowdown has not been so alarming that Fed will pay attention to. Deck is all set for a bumper NFP tomorrow. However, USD bulls may take some breather ahead of tomorrow's NFP.

TECHNICAL VIEW & RUPEE CROSSES:

Technically, USDINR remains in an uptrend. Buying on decline is advisable with stops below 73.50 on a closing basis. In case of a close below 73.50, it can test support closer to 73.00 levels. Resistance around 74.20 and 74.50 on spot. On EURUSD, we are looking to buy with stop below 1.1300 on a daily closing basis for a target of 1.1450 and then 1.15. Nevertheless, a close below 1.13, would prompt us to reverse to short for a move towards 1.11/1.1050. GBPUSD remains a buy on dips for a target of 1.2930/1.2980.

*** Please turn to the next page for the chart of the day ***



We computed an equal weighted US Dollar Index to capture the movement of 28 major currencies across EMs and DMs against USD. Last two years, Rupee has moved more or less in line with what the trend of USD has been against other major currencies. Rupee can outperform or underperform against its peers depending on local risk premia. In 2017, BJP's win in UP followed by hawkish stance of RBI and also implementation of tax reform (GST) enabled Rupee to outperform its peers. In 2018, though we have fallen sharply, but we are moving more or less in line with peers.

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