

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	71.06	-0.17%	0.2%	9%
EUR/INR	80.14	-0.49%	-1.4%	2%
GBP/INR	91.42	-0.64%	0.3%	2%
JPY/INR	64.23	-0.37%	-1.9%	8%
EUR/USD	1.1281	0.04%	-1.6%	-8%
GBP/USD	1.2866	0.09%	0.0%	-7%
USD/JPY	110.63	0.23%	2.2%	2%
USD/CNH	6.7969	-0.05%	0.5%	7%
10 YR YIELD- IN	7.34	(0.01)	(0.25)	(0.16)
10 YR YIELD- USA	2.68	0.03	(0.02)	(0.18)
GOLD (\$/Oz)	1,308	0.0%	1%	-1%
SILVER (\$/Oz)	15.72	0.1%	0%	-5%
BRENT CRUDE (\$/Brl)	62.01	0.8%	3%	-1%
COPPER 3M (\$/Ton)	6150	-1.0%	4%	-9%
NIFTY	10885	-0.04%	0.83%	3%
HANGSENG	28194	0.18%	5.73%	-4%
S&P 500	2710	0.07%	4.37%	2%
INR 1M FWD	0.23	0.01	(0.01)	0.00
INR 2M FWD	0.51	0.00	0.04	(0.03)
INR 3M FWD	0.73	(0.00)	0.00	(0.05)
INR 6M FWD	1.45	0.00	0.03	(0.03)
INR 12M FWD	2.80	0.00	(0.02)	(0.03)
	1 DAY	MTD	QTD	CTD
	1 DAY	MTD	QTD	YTD
FII INVESMENT- EQ (\$ Mn)	114	467	391	391
FII INVESMENT- DEBT (\$ Mn)	301	(75)	(442)	(442)

CURRENCY	ECONOMIC DATA
USD	Fed Chair Powell Speaks
GBP	BOE Gov Carney Speaks

FX VIEW

A little over 90 days to go before the battle for Lok Sabha 543 seats gets underway. This is high stakes battle as it will drive the political narrative post May. Focus will be on whether we get strong government post elections or not. Any risk of a unstable government will increase the risk premium on Rupee, bonds and equity market, thereby adversely affecting financial asset prices. Indian Rupee has got back its mojo since the presentation of the Union Budget. Rupee, from being the worst performer in EM basket is now one of the best performers in the region MTD. This can be a sign that post Budget market sees high probability that NDA makes a comeback. However, we need to be cautious, as mood of the market will swing at short notice, as political temperature heats up in the weeks ahead.

Overnight there were three positive developments from India:

- The Supreme Court on Monday dismissed a plea by 28 operational creditors of Essar Steel seeking to be heard by the National Company Law Tribunal before any decision was taken on ArcelorMittal's bid for the company ==> This will help expedite the resolution of a marquee stressed asset case in the IBC and will bolster the process.

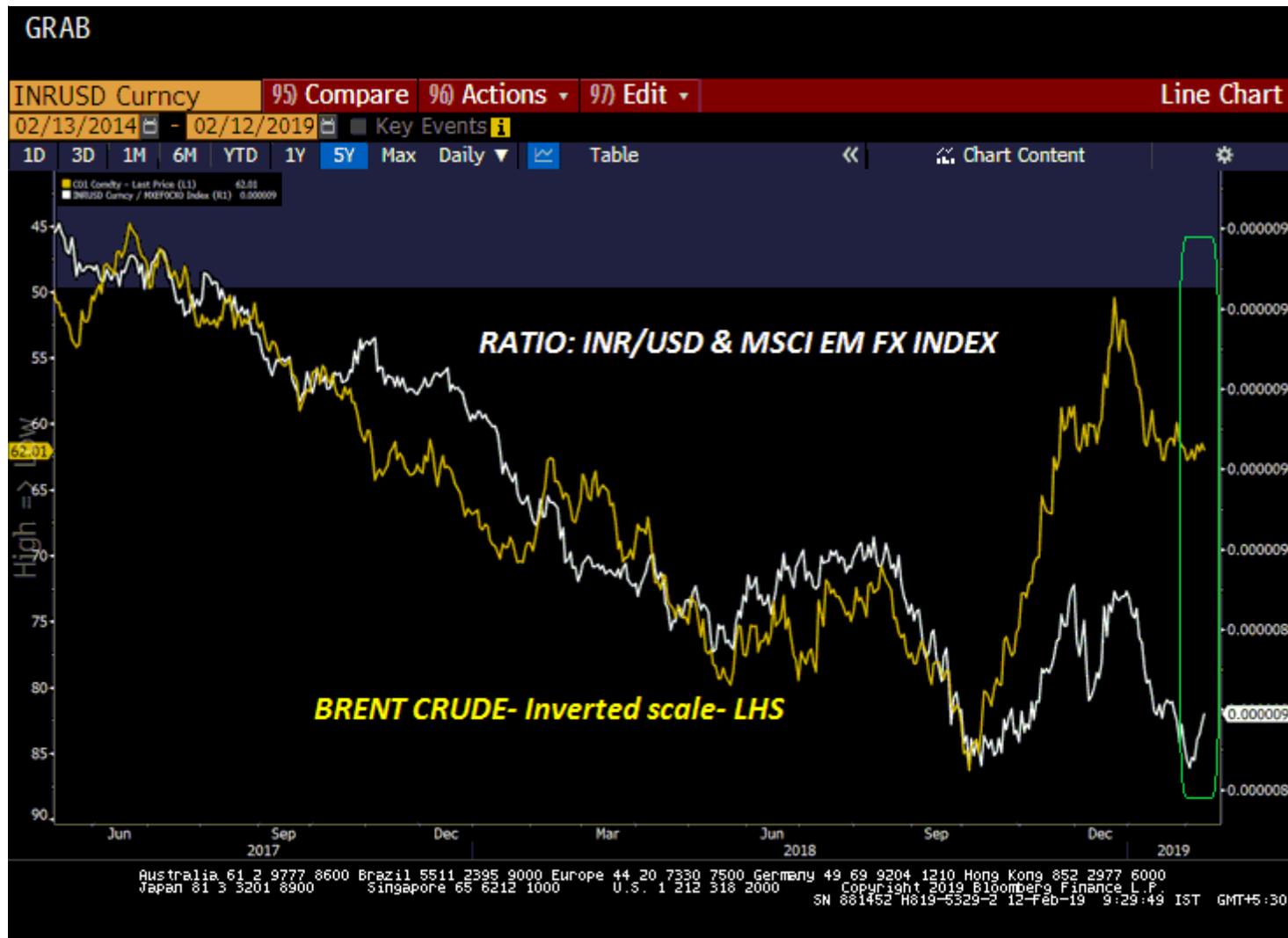
- NCLT allowed 22 companies placed under the "green" category by the new board of Infrastructure Leasing & Financial Services (IL&FS) and the government to start servicing routine debt obligations, according to schedule ==> This will ease the nerves of the investors in the NBFC sector as many had feared defaults from even the highly rated SPVs of IL&FS. This will assure the investors that ring-fenced structures will honour their obligations. This comes as a positive news for the sector, affected by liquidity and solvency crises.

- Government to sell 3% stake in Axis Bank through SUUTI. This will help government raise over 5300 crore Rupees. ==> This will help GOI get a bit closer to its targeted revenues for FY 19.

Apart from these, there were no major economic data from US. However, The British economy plunged into reverse in December, with a broad-based slump in economic output completing the weakest year for growth since 2012. TGDP contracted by 0.4% from the previous month, fuelled by a fall in consumer spending. The decline in monthly output helped drag down quarter-on-quarter growth to a rate of 0.2% in the three months to the end of the year, slightly below the BOE's forecast and down from a rate of 0.6% in the third quarter. Latest monthly figures revealed that manufacturing output tumbled into recession territory with the sixth consecutive month of falling output. GBP has been under pressure from the barrage of negative economic data. However, the sell-off has been measured on account of hopes surrounding Brexit. Traders are keeping an eye on fresh update from UK PM on Brexit.

The other piece of news positively impacting market today is that US Senators and Congress have agreed on a deal which would avoid another government shutdown. However, US President is yet to ratify it. Overnight, US stocks were mixed but today Asian markets are trading higher. Asian currencies are mostly flat. USDINR may open flat around 71.20 on spot. Trade remains to buy the decline as long as the spot holds above 70.80 on spot. However, thanks to the inflows in the debt segment, Rupee continues to trade strong. Rupee is not responding to the weakness in majors, which means, that EuroINR, GBPINR and JPYINR can continue to head lower.

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



Higher oil prices went hand in hand with Rupee underperforming the EM peers and vice versa. Interestingly, Since end Jan 2019, Rupee has decoupled from oil. Bond inflows could be doing the magic...

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