

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.64	-0.35%	-1.5%	7%
EUR/INR	78.40	-0.22%	-1.7%	-2%
GBP/INR	91.98	1.17%	1.2%	2%
JPY/INR	62.51	-0.53%	-2.4%	2%
EUR/USD	1.1258	0.12%	-0.6%	-9%
GBP/USD	1.3207	0.43%	2.4%	-5%
USD/JPY	111.41	0.18%	0.8%	4%
USD/CNH	6.7192	-0.20%	-0.8%	6%
10 YR YIELD- IN	7.37	0.02	0.01	(0.27)
10 YR YIELD- USA	2.66	0.02	(0.03)	(0.21)
GOLD (\$/Oz)	1,296	0.2%	-1%	-2%
SILVER (\$/Oz)	15.40	0.6%	-2%	-7%
BRENT CRUDE (\$/Brl)	66.83	0.4%	7%	3%
COPPER 3M (\$/Ton)	6407	0.2%	4%	-8%
NIFTY	11263	0.85%	3.98%	8%
HANGSENG	28919	1.46%	2.65%	-8%
S&P 500	2783	1.47%	1.41%	0%
INR 1M FWD	0.27	(0.02)	0.04	(0.02)
INR 2M FWD	0.52	(0.02)	0.02	0.00
INR 3M FWD	0.75	(0.01)	0.02	0.02
INR 6M FWD	1.42	(0.02)	(0.01)	0.08
INR 12M FWD	2.69	(0.02)	(0.09)	0.15
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	161	833	3,129	3,129
FII INVESTMENT- DEBT (\$ Mn)	582	648	(1,005)	(1,005)
TOTAL- (\$ Mn)	743	1,481	2,124	2,124

CURRENCY	ECONOMIC DATA
INR	Industrial Production & CPI
USD	CPI

WORLD NEWSWIRE

1. Theresa May says she has secured "legally binding" changes to her Brexit deal.
2. U.S. retail sales stabilized in January after a plunge the prior month that was larger than first reported. Sales in the "control group" subset, which is better gauge of underlying consumer demand, rose 1.1 percent, topping estimates after a 2.3 percent drop in the prior month.

FX VIEW

The good part about Rupee this time is, it is able to ignore a rising oil price and is instead feeding off the risk on mood in the global financial markets. Generally, risk on and oil move in tandem. Over the past 1 year or so, that had become an issue for the Rupee, as rising oil, during equity bull run used to make the Rupee sticky and not appreciate much. The moment the winds used to shift to risk-off Rupee used to plunge.

FPI have poured over \$ 3 billion this year with nearly a billion flowing into equity segment over the last few days. Though debt has witnessed outflows but the pace of outflows have reduced. Infact over the month of March, debt has received little over 600 million dollars. On top of that, carry traders are eager to be long INR and short other low yielding currencies, including the Dollar. It is a get set go for USDINR. We also need to keep an eye out for the exporters as they can be quite active during the last month of the financial year, selling US Dollars.

The chart on the next page shows, that Indian markets are quoting a record premium over its peers in the emerging market. Compared with the government bonds, the valuation premium is also high. This is occurring inspite of the fact that MF flows are at a 25-month low. The surge of FPI buying is keeping the Indian stock market premium growing. However, there can be two angles to this premium:

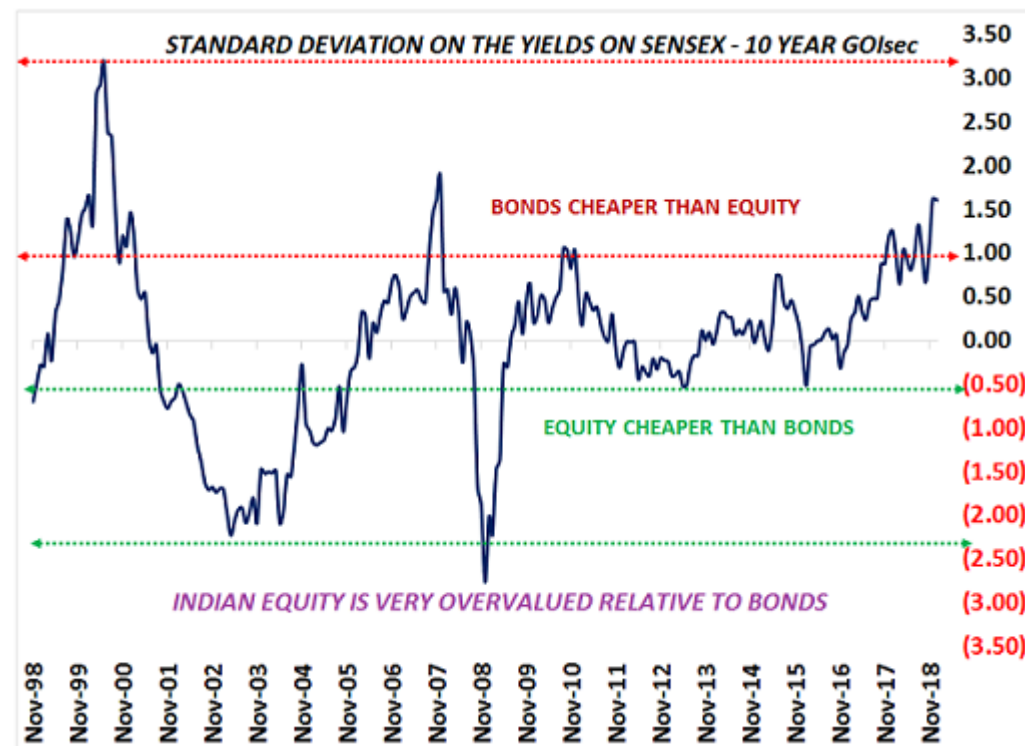
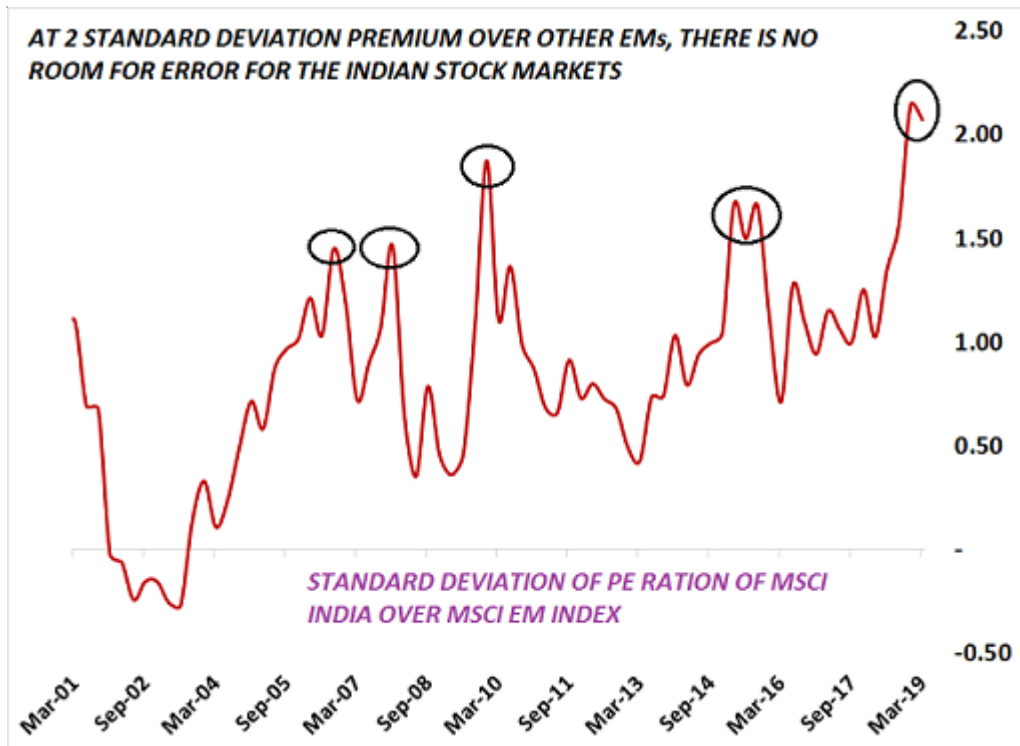
- 1) Market is pricing a NaMo victory as there no other factors which could explain this sudden change of mood towards India.
- 2) It also means that there is no room for an adverse outcome in the Lok Sabha elections. In other words, the equity market is getting priced for perfection.

Overnight US stock market closed deep in the green with gains between 1-2% on major indices. Risk on sentiments persist in Asia today with Asian currencies trading higher against USD. USDINR is trading at 69.70 levels and can decline further.

In global currency, keep an eye on GBP today. It is expected to gap higher against INR. GBPUSD has rallied from sub-1.30 to 1.32+, on the back of news that UK PM has secured "legally binding" changes to her Brexit deal, which has increased the odds of being passed in Parliament vote this week. We expect GBP to remain exceptionally volatile.

TECHNICAL VIEW:

Technically, USDINR remains in a downtrend as lower tops and lower bottoms are clearly visible on the chart and prices have also broken the trendline support which held since early part of 2018. Support is around 69.70 on spot and thereafter between 69.40/50 levels. We would remains sellers on USDINR as long as the pair sustains below 70.50 levels. RBI intervention remains an active risk in the pair. ****CHART ON NEXT PAGE****



Source: Bloomberg

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