

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.38	-0.11%	-1.7%	3%
EUR/INR	78.63	0.05%	-0.7%	-1%
GBP/INR	88.23	0.04%	-4.1%	-2%
JPY/INR	63.99	0.00%	-0.6%	4%
EUR/USD	1.1333	0.06%	1.0%	-4%
GBP/USD	1.2717	-0.06%	-1.9%	-5%
USD/JPY	108.48	-0.04%	-0.8%	-2%
USD/CNH	6.9255	-0.01%	0.2%	8%
10 YR YIELD- IN	7.02	(0.02)	(0.39)	(0.95)
10 YR YIELD- USA	2.14	(0.01)	(0.33)	(0.82)
GOLD (\$/Oz)	1,333	0.4%	3%	3%
SILVER (\$/Oz)	14.81	0.4%	0%	-12%
BRENT CRUDE (\$/Brl)	61.42	-1.4%	-13%	-19%
COPPER 3M (\$/Ton)	5876	0.0%	-4%	-19%
NIFTY	11917	-0.41%	5.65%	10%
HANGSENG	27384	-1.46%	-4.08%	-12%
S&P 500	2886	-0.03%	0.15%	4%
INR 1M FWD	0.25	0.02	(0.03)	0.02
INR 2M FWD	0.48	0.00	(0.05)	0.01
INR 3M FWD	0.72	0.00	(0.08)	(0.00)
INR 6M FWD	1.44	0.00	(0.08)	(0.01)
INR 12M FWD	2.96	0.03	(0.03)	0.09
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>CTD</b>
FII INVESTMENT- EQ (\$ Mn)	46	123	3,087	11,313
FII INVESTMENT- DEBT (\$ Mn)	257	1,044	11	1,280
TOTAL- (\$ Mn)	303	1,167	3,098	12,592

CURRENCY	ECONOMIC DATA
USD	CPI

### INDIA NEWSWIRE

1. Passenger vehicle wholesales in India witnessed the steepest decline in nearly 18 years, dropping by over 20% in May, as continued weakness in retail offtake forced manufacturers to cut production in order to adjust to market demand. All major segments, including two-wheelers and commercial vehicles, witnessed a decline in sales in May. PV offtake has been in the negative in the ten months off the last 11 months. According to SIAM, retail sales figures are comparatively better than wholesales which show that the industry is taking steps to cut production. Inventory correction is taking place.
2. The Reserve Bank of India said June 11 it will infuse Rs 15,000 crore into the financial system through bond purchases on June 13.

### FX VIEW

Nowadays trading currencies on the NSE or BSE is like watching the paint dry. Not just USDINR but even the majors are chopping around. Since early April, USDINR has traded mostly between 69 and 70 levels on spot. It is not known when this range will break and we will get a trend. Inflows have continued to remain robust. In the running quarter, FPIs have bought to the tune of \$3 billion of equity shares. Though debt segment has seen marginal net flow, but over the last 3 weeks, inflows have picked up. By the end of third week of May, debt had seen an outflow of nearly \$1.7 billion for the April-June quarter. This means, since then, debt segment has seen over \$ 1.7 billion of inflow. Falling yields globally, lower oil prices, dovish central bank, rising Rupee liquidity and with domestic political risk off the table, sovereign bonds have takers. However, one should not ignore the fiscal overhang. The gross borrowing is going to be significantly higher this fiscal and with so much pressure on Government to support growth, if they opt for even higher borrowing to oil the economy, it can temper the bullish outlook on bonds. Having said that, momentum still favours the bond bulls. Indian 10 year yields have jumped to 7.08 from 6.87. There will be buyers above 7.10% on the benchmark.

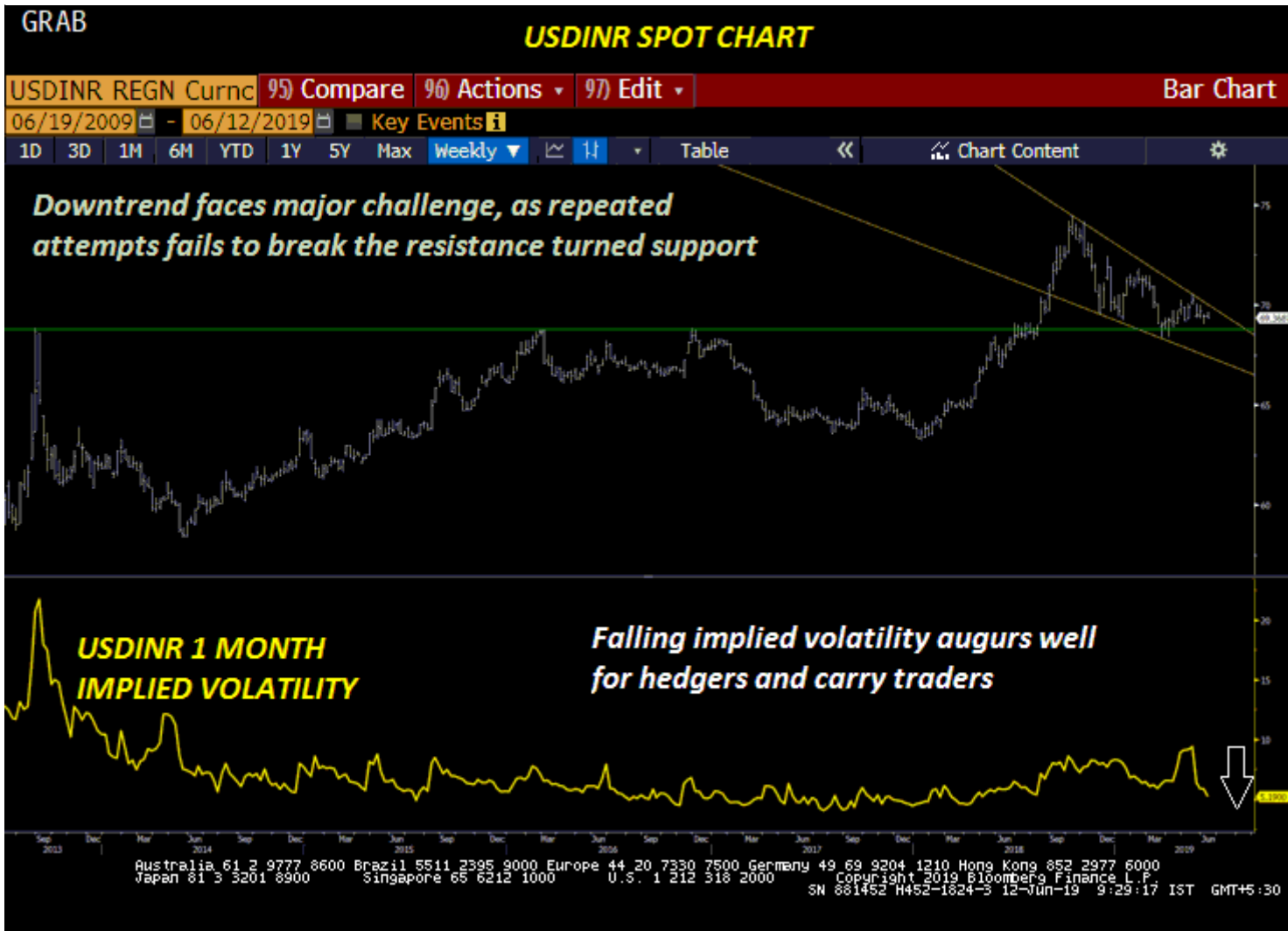
Overnight, US stocks closed flat but Asian stocks are trading mixed with Hangseng deep in the red, probably due to the social unrest over there. Brent crude is back at 61 dollars due to increase in the US inventory. Euro is holding above 1.13, unable to make much up move inspite of the anti Dollar tweet from the US President. President Trump tweeted that US Dollar remains overvalued due to unnecessary hawkish monetary policy from the US central bank. Market has become used to these kind of anti fed and anti Dollar tweets from US President.

### TECHNICAL VIEW & RUPEE CROSSES:

USDINR remains in a primary downtrend as the downtrending channel is intact. There is scope for prices to test 68.80/85 levels on spot. Having said that, lack of momentum means that USDINR continue to take a lot more time testing those levels. Nevertheless, we would have to change our view if USDINR breakout above 70.50 on spot.

In Rupee crosses, EURINR faces strong resistance closer to 79.20 levels on spot. Short sellers can maintain orders to stop and also reverse above 79.20 close. Nevertheless, incase of a sustained break above 79.20, it can aim for 79.50 and even 80.00 levels. On GBPINR, wait for a pullback towards 89.50/80 zone to enter fresh shorts. On JPYINR, we continue to be bullish and buy on decline remains the trade with stop below 62.90 levels on a closing basis. Target remains 65.00 handle.

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



Source: Bloomberg

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