

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	68.83	0.22%	0.0%	-7%
EUR/INR	78.86	-0.83%	-1.4%	3.5%
GBP/INR	88.24	-0.08%	-1.7%	6.7%
JPY/INR	62.12	0.32%	1.8%	7.3%
EUR/USD	1.1411	-1.01%	-2.4%	-4.2%
GBP/USD	1.2765	-0.48%	-2.7%	-1.2%
USD/JPY	110.80	-0.26%	-0.9%	0.8%
USD/CNH	6.8515	0.10%	0.7%	3.9%
10 YR YIELD- IN	7.75	0.01	-0.05	1.02
10 YR YIELD- USA	2.87	-0.01	0.05	0.70
GOLD (\$/Oz)	1219	-0.1%	-2.5%	-5.3%
SILVER (\$/Oz)	15.30	-1.00%	-4.2%	-10%
BRENT CRUDE (\$/Brl)	73.00	1.2%	-6.5%	43%
COPPER 3M (\$/Ton)	6160	2.2%	-2%	-2.6%
NIFTY	11429	-0.36%	4.00%	18%
HANGSENG	38366	-0.84%	1.00%	5.5%
S&P 500	2833	-0.71%	2.00%	16%
INR 1M FWD	0.26	0.01	(0.01)	0.01
INR 2M FWD	0.51	(0.01)	(0.00)	(0.01)
INR 3M FWD	0.75	(0.01)	(0.01)	(0.01)
INR 6M FWD	1.50	(0.01)	(0.02)	0.07
INR 12M FWD	3.01	(0.01)	(0.02)	0.25
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>CTD</b>
FII INVESTMENT- EQ (\$ Mn)	134	153	361	-260
FII INVESTMENT- DEBT (\$ Mn)	75	571	675	(5434)
TOTAL- (\$ Mn)	209	724	1037	(5694)

CURRENCY	ECONOMIC EVENT
INR	CPI
USD	Mortgage Delinquencies

### FX VIEW

It is a sea of red on either side of the Black sea. Both, Turkey and Russia, under fire from the US administration, with fresh set of sanctions in place, is seeing their currency implode. Turkey is worst hit, as its currency has fallen by more 22% over the past 30 days, worst performer in the EM basket. Russian ruble too is on a weak path. Higher oil prices is helping Russia and hence the slide may not have been as steep as was seen in TRY. The Russian economy has for four years been hurt by the effects of sanctions imposed on the country in response to its annexation of Crimea and intervention in Ukraine. The new set of sanctions is looking to choke investment flows of foreign companies operating in Russia. As foreign investment flows dry up, Russian economy can grind to a standstill.

Poor economic policies in Turkey, where the central government arm twisted the central bank to keep rates low on the face of double digit inflation is hurting the currency. Foreign currency debt to GDP in Turkey is over 30% GDP with many of the leading financial institutions in Turkey exposed to a weak Lira. Domestic companies have borrowed in foreign currency and on an unhedged book, the surging liability can push many of them towards bankruptcy, forcing the lenders to take the hit on their exposures. It is a perfect contagion which we are seeing in Turkey, where weaker currency feeds banking contagion that in turn causes currency to weaken. Speculators are having a field day. As a collateral damage, European banking stocks are taking it on the chin. Some of the big lenders, like BBVA, UniCredit, BNP Paribas and ING have sizable exposure to Turkish economy and hence they have attracted scrutiny from European Supervisor Mechanism, the body set up by the European Central Bank to oversee the stability of Europe's biggest banks. Some of these European banks have exposure to both Russia and Turkey. Hence, the adverse impact on the Euro. For the near term, we would continue to play Euro as proxy for the TRY and Ruble. As long as these two currencies continue to weaken, we would be tempted to short the Euro against almost all currencies, especially the USD. Technically, Euro USD has broken down from its 2 month range and is vulnerable to a decline towards 1.12 levels. On other majors, GBPUSD will be driven by Brexit talks, though next week, three key economic data is scheduled for release. First the jobs data, followed by inflation and then retails sales. A better than expected data may not be enough to trigger a sustainable rally in GBPUSD, as market is more focused on Brexit progress, than on economic data flow, as BOE has taken a backseat. However, a stronger data can help GBP gain against Euro and Rupee. GBPINR is oversold and a bounce back to 89.00 may occur. JPYINR is stuck within a range but we have been buyer on decline closer to 61.00 on spot. JPY importers are advised to hedge their payables every time the currency slides closer to 61.00 levels.

Not surprisingly, Rupee has been an outperformer over the past 4 weeks, thanks to lower oil prices and heavy intervention from the RBI. Out of 24 major currencies in the EM basket, Rupee has ranked at 6th, staying flat against USD over the past month. However, if the pressure continues to mount on EM currencies and the Euro, we would expect USDINR too to head higher. Technically, a sustained break above 69.00 should signify a break for a move towards 70.00 and even 71.00 levels but be careful about heavy intervention from the central bank. Importers are advised to hedge on decline towards 68.60/80 zone on spot, using range forward option structures. Exporters can use Put option spreads as a break below 68.00 less likely in the current environment. Forwards may not be an effective hedging tool at this point in time and options are only liquid on the exchange. On BSE we can offer you USDINR options with weekly settlements, which should provide you greater flexibility to manage your cash flow risk. Speculators are advised to buy on decline b/w 68.60/80 SL 68.40 on spot basis.

---

## Disclaimer/Disclosures

### Disclaimer

Kotak Securities Limited established in 1994, is a subsidiary of Kotak Mahindra Bank Limited. Kotak Securities is one of India's largest brokerage and distribution house. Kotak Securities Limited is a corporate trading and clearing member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), and Metropolitan Stock Exchange of India Limited (MSEI). Our businesses include stock broking, services rendered in connection with distribution of primary market issues and financial products like mutual funds and fixed deposits, depository services and Portfolio Management.

Kotak Securities Limited is also a depository participant with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Kotak Securities Limited is also registered with Insurance Regulatory and Development Authority as Corporate Agent for Kotak Mahindra Old Mutual Life Insurance Limited and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI). We are registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advise/warning/deficiency letters or levied minor penalty on KSL for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. We offer our research services to clients as well as our prospects.

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. This material is for the personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Kotak Securities Ltd. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed. Neither Kotak Securities Limited, nor any person connected with it, accepts any liability arising from the use of this document. The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

Kotak Securities Limited has two independent equity research groups: Institutional Equities and Private Client Group. This report has been prepared by the Private Client Group. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Equities Research Group of Kotak Securities Limited. We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed if any or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Kotak Securities Limited (KSL) may have proprietary long/short position in the above mentioned scrip(s) and therefore may should be considered as interested. The views provided herein are general in nature and does not consider risk appetite or investment objective of particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with KSL. Kotak Securities Limited is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies if any and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

No part of this material may be duplicated in any form and/or redistributed without Kotak Securities' prior written consent. Details of Associates are available on our website ie [www.kotak.com](http://www.kotak.com) Research Analyst has served as an officer, director or employee of Subject Company: NA

We or our associates may have received compensation from the subject company, if any in the past 12 months.

We or our associates may have managed or co-managed public offering of securities for the subject company(ies) in the past 12 months: NA

We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company, if any in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company, if any in the past 12 months. We or our associates have not received any compensation or other benefits from the subject company if any or third party in connection with the research report. Our associates may have financial interest in the subject company if any.

Research Analyst or his/her relative's financial interest in the subject company(ies) : NA

Kotak Securities Limited has financial interest in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report : NA

Our associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Research Analyst or his/her relatives has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NA

Kotak Securities Limited has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NA

Subject Company, if any may have been client during twelve months preceding the date of distribution of the research report.

Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +22 67132430. Website: [www.kotak.com](http://www.kotak.com) / [www.kotaksecurities.com](http://www.kotaksecurities.com). Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: NSE INB/INF/INE 230808130, BSE INB 010808153/INF 011133230, MSEI INE 260808130/INB 260808135/INF 260808135, AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97. Compliance Officer Details: Mr. Manoj Agarwal. Call: 022 - 4285 8484, or Email: [ks.compliance@kotak.com](mailto:ks.compliance@kotak.com). In case you require any clarification or have any concern, kindly write to us at below email ids:

o Level 1: For Trading related queries, contact our customer service at 'service.securities@kotak.com' and for demat account related queries contact us at [ks.demat@kotak.com](mailto:ks.demat@kotak.com) or call us on: 30305757 (by using your city STD code as a prefix) or Toll free numbers 18002099191 / 1800222999 and 18002099292.

o Level 2: If you do not receive a satisfactory response at Level 1 within 3 working days, you may write to us at [ks.escalation@kotak.com](mailto:ks.escalation@kotak.com) or call us on 022-42858445 and if you feel you are still unheard, write to our customer service HOD at [ks.servicehead@kotak.com](mailto:ks.servicehead@kotak.com) or call us on 022-42858208.

o Level 3: If you still have not received a satisfactory response at Level 2 within 3 working days, you may contact our Compliance Officer (Name: Manoj Agarwal) at [ks.compliance@kotak.com](mailto:ks.compliance@kotak.com) or call on 91- (022) 4285 6825.

o Level 4: If you have not received a satisfactory response at Level 3 within 7 working days, you may also approach CEO (Mr. Kamlesh Rao) at [ceo.ks@kotak.com](mailto:ceo.ks@kotak.com) or call on 91-(022) 4285 8301.

Level 3: If you still have not received a satisfactory response at Level 2 within 3 working days, you may contact our Compliance Officer (Name: Manoj Agarwal) at [ks.compliance@kotak.com](mailto:ks.compliance@kotak.com) or call on 91- (022) 4285 8484.

Level 4: If you have not received a satisfactory response at Level 3 within 7 working days, you may also approach CEO (Mr. Kamlesh Rao) at [ceo.ks@kotak.com](mailto:ceo.ks@kotak.com) or call on 91- (022) 4285 8301.