

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	70.88	0.10%	-0.1%	10%
EUR/INR	79.96	-0.23%	-1.7%	1%
GBP/INR	91.19	-0.07%	0.1%	3%
JPY/INR	63.84	0.05%	-2.6%	7%
EUR/USD	1.1280	0.17%	-1.6%	-9%
GBP/USD	1.2866	0.16%	0.0%	-8%
USD/JPY	111.04	0.03%	2.6%	4%
USD/CNH	6.7721	-0.17%	0.1%	7%
10 YR YIELD- IN	7.31	0.02	0.08	(0.18)
10 YR YIELD- USA	2.71	0.01	0.01	(0.19)
GOLD (\$/Oz)	1,309	0.2%	1%	-3%
SILVER (\$/Oz)	15.64	0.4%	0%	-7%
BRENT CRUDE (\$/Brl)	64.02	0.6%	9%	-1%
COPPER 3M (\$/Ton)	6125	0.3%	3%	-12%
NIFTY	10773	-0.20%	0.33%	3%
HANGSENG	28404	-0.33%	8.01%	-7%
S&P 500	2753	0.30%	6.60%	2%
INR 1M FWD	0.23	0.00	(0.04)	(0.00)
INR 2M FWD	0.51	0.02	0.04	(0.02)
INR 3M FWD	0.73	0.01	0.01	(0.05)
INR 6M FWD	1.43	(0.00)	0.01	(0.04)
INR 12M FWD	2.83	0.05	0.02	(0.04)
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	165	575	499	499
FII INVESTMENT- DEBT (\$ Mn)	(71)	(206)	(573)	(573)
TOTAL- (\$ Mn)	94	369	(74)	(74)

CURRENCY	ECONOMIC DATA
EUR	German & EZ Prelim GDP
USD	Retail Sales

INDIA NEWSWIRE

1. The government plans to bar the successful bidder in a resolution process from any future bidding if it does not implement a scheme approved by the National Company Law Tribunal.
2. According to media reports, Mutual funds may no longer be able to sweep private funding deals with listed company promoters under the carpet. SEBI is likely to tighten the disclosure norms for MFs that lend to company promoters and may prescribe a cap on concentration of such deals.

WORLD NEWSWIRE

1. China on Thursday reported exports and imports data for January that easily topped expectations. Dollar-denominated exports for the month rose 9.1 percent from a year ago. Dollar-denominated imports, meanwhile, fell 1.5 percent on-year, which was far better than expectations of a 10 percent decline from a year earlier. China's overall trade surplus was \$39.16 billion in January. That easily topped the \$33.5 billion expected.

FX VIEW

Yesterday, Dollar Rupee witnessed a V-shaped recover from 70.40 to 70.87, before closing around 70.80. Overnight US stock markets closed in the green, with Dow up around 0.46%. However, Asian equity markets are unable to feel the love as Chinese and HK indices down over 0.50%. Nikkei is holding barely in the green, thanks to an inline GDP data. Dollar was quite strong overnight, gaining ground against majors as well as EM currencies. Many of the Asian currencies are trading weaker against US Dollar. Offshore is pointing towards an open around 70.85/87 levels on spot. Crude oil is gradually inching upward, with Brent around 63.82 levels. Higher oil prices and higher US Dollar is a bad cocktail for the Rupee. The longer it persists, it would be sign to buy USDINR on decline.

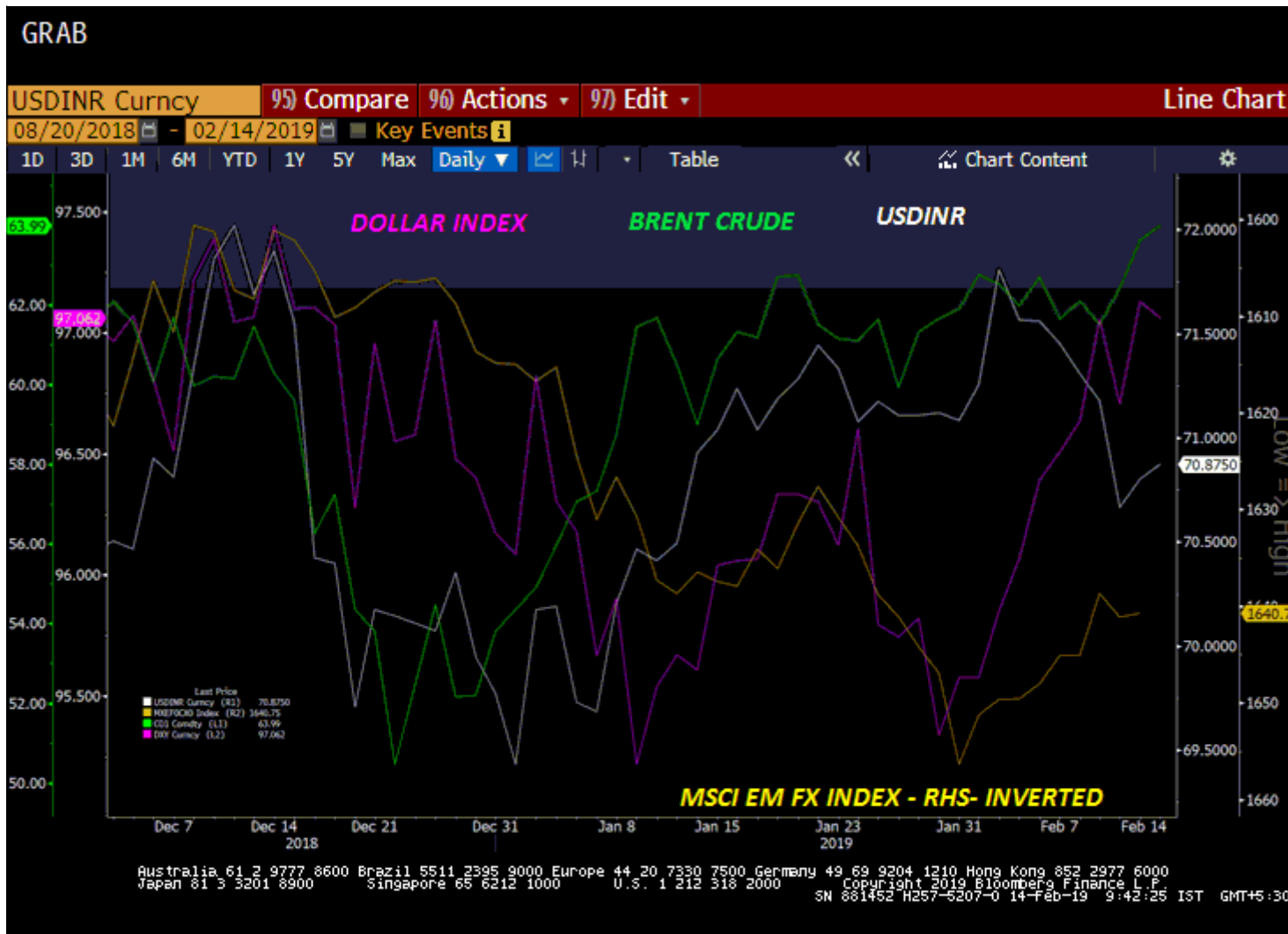
Overnight in economic news, statistics agency Eurostat said Wednesday that industrial output in Eurozone was 4.2 percent lower in December than the year before. That's the worst performance since November 2009. Apart from that there was also news of political trouble in Spain. In Spain, parliament rejected the government's 2019 budget bill, forcing the prime minister to consider an early general election. The last time this happened was more than 2 decades ago. Prime Minister Sanchez is expected to make a decision on calling the elections by Friday and if his government falls, a right-wing coalition government could take over, which would be very bad for the euro. Rising political risk and soft economic data makes a poor backdrop for the EuroUSD and EuroINR pairs.

In US, deadline January US CPI beat expectations at +1.6% y/y, as did the core CPI reading at +2.2% y/y. Higher inflation and risk of a government shutdown fading, Dollar got a boost. Today focus will be on the US retail sales data, which if shows a strong growth can drive US Dollar higher.

TECHNICAL VIEW:

In USDINR technical structure remains bullish as long as the pair holds above 70.00 level on spot. Support zones are 70.30/40 and 70.00/70.05. We would be buyers on decline, possibly closer to 70.50 levels. Resistance is around 71.00 and then 71.50 on spot.

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



Higher oil prices and higher Dollar Index is a tailwind for the Dollar Rupee. However headwind remains stronger EM currencies, denoted by the EM FX index. Therefore, downside and upside, both appears limited. A broad range can unfold.

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