

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.55	0.05%	-1.3%	3%
EUR/INR	78.41	-0.10%	-0.9%	-2%
GBP/INR	88.14	0.05%	-3.5%	-3%
JPY/INR	64.21	0.17%	0.0%	4%
EUR/USD	1.1273	-0.03%	0.6%	-3%
GBP/USD	1.2673	-0.01%	-1.8%	-4%
USD/JPY	108.32	-0.06%	-1.2%	-2%
USD/CNH	6.9341	0.07%	0.4%	7%
10 YR YIELD- IN	6.99	(0.02)	(0.39)	(0.95)
10 YR YIELD- USA	2.08	(0.01)	(0.33)	(0.85)
GOLD (\$/Oz)	1,346	0.3%	4%	3%
SILVER (\$/Oz)	14.94	0.2%	1%	-13%
BRENT CRUDE (\$/Brl)	61.63	0.5%	-13%	-19%
COPPER 3M (\$/Ton)	5858	0.1%	-3%	-19%
NIFTY	11895	-0.16%	6.00%	10%
HANGSENG	27148	-0.54%	-3.46%	-11%
S&P 500	2892	0.41%	2.02%	4%
INR 1M FWD	0.24	0.00	(0.03)	0.01
INR 2M FWD	0.50	0.00	(0.02)	0.01
INR 3M FWD	0.73	0.00	(0.07)	(0.01)
INR 6M FWD	1.47	0.00	(0.06)	0.01
INR 12M FWD	3.01	0.07	0.02	0.13
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>CTD</b>
FII INVESTMENT- EQ (\$ Mn)	(93)	74	3,038	11,264
FII INVESTMENT- DEBT (\$ Mn)	(2)	1,104	72	1,340
TOTAL- (\$ Mn)	(94)	1,178	3,109	12,604

CURRENCY	ECONOMIC DATA
USD	Retail Sales
USD	Prelim UoM Consumer Sentiment

### FX VIEW

If you had been on vacation for the last few weeks, you haven't missed anything as far as USDINR goes. The pair continues to languish under 70 and above 69.00. An occasional burst above 70.00 has been met with selling. Similarly a move towards 69.00 has seen RBI come out in full force. The range has narrowed further, between 69.30 and 69.90 zone on spot. Low volatility finally gives way to high volatility but when will that occur, it is hard to estimate.

Yesterday, crude oil futures spiked higher on the back of news of attack on oil tankers. Though US administration blamed Iran for the attacks but that did not cause a sustainable rise in the black crack. Brent is back towards 61 a barrel from 63. Asian stock markets are trading mixed after a mixed session on Wallstreet. Dollar is mildly strong against majors. All in all, Dollar Rupee could be opening around 69.55 levels.

Friday's U.S retail sales report is one of the most important pieces of data on this week's economic calendar. US retail-sales growth was modest throughout 2018 and turned negative in December. In 2019, the month on month variations have been large. US job market remains strong, inspite of the last two soft jobs data. Oil prices are down and wage growth has been impressive, as a result, real disposable income is higher, which can be a factor why retail spending may have been better in May. Though a strong retail sales data can give a boost to the Greenback but how long can that sustain remains a big question mark.

The Federal Reserve meets next week and the retail sales data will play a crucial role in shaping expectations for the central bank's forward guidance. Fed Fund futures may be giving a probability of almost 75% for a cut of 25bps or more by July meeting. Unless, these probabilities come down meaningfully, it will ensure that upside in the Dollar remains capped. Interestingly, apart from a few carry currencies, which due to its domestic strength is able to attract inflows like Rupee, there are not enough currencies which can stand up to the Dollar on their own. For example the Euro, it is facing weak economy and its central bank remains committed to negative rates. For Euro to move higher, it would need the support of sustained short covering demand from speculators. GBP on the other hand is plagued by Brexit risk. Commodity currencies are in doldrums unless the Sino-US trade truce occurs. All in all, there no major triggers for the moment for a strong trend to emerge in major currencies. Probably, Fed or G-20 may alter that outlook.

### TECHNICAL VIEW & RUPEE CROSSES:

USDINR remains in a primary downtrend as the down trending channel is intact. However, the inability to sustain at lower levels is concerning. Our tactical approach remains to sell on rise as there are multiple layers of resistances. Nevertheless, we would turn neutral if USDINR breaks above 70.20 levels on spot. The low volatility phase can also be seen as a transition phase. Whatever trend emerges, can give a reasonably sized move.

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: TradingView

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