

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	72.11	-0.78%	-2.4%	9%
EUR/INR	81.41	-0.41%	-5.1%	6%
GBP/INR	93.64	-0.26%	-3.8%	8%
JPY/INR	63.29	-0.68%	-4.7%	9%
EUR/USD	1.1290	0.00%	-2.5%	-4%
GBP/USD	1.2986	0.07%	-1.3%	-1%
USD/JPY	113.93	0.11%	1.9%	0%
USD/CNH	6.9490	0.03%	0.4%	4%
10 YR YIELD- IN	7.71	(0.05)	(0.27)	0.66
10 YR YIELD- USA	3.14	0.00	(0.02)	0.77
GOLD (\$/Oz)	1,202	0.0%	-2%	-6%
SILVER (\$/Oz)	14.01	0.0%	-5%	-18%
BRENT CRUDE (\$/Brl)	65.31	-0.2%	-19%	5%
COPPER 3M (\$/Ton)	6073	0.4%	-4%	-12%
NIFTY	10605	0.22%	1.27%	4%
HANGSENG	25716	-0.30%	-0.33%	-12%
S&P 500	2722	-0.15%	-1.62%	6%
INR 1M FWD	0.25	(0.01)	(0.05)	(0.01)
INR 2M FWD	0.48	(0.01)	(0.08)	0.01
INR 3M FWD	0.71	0.00	(0.12)	(0.00)
INR 6M FWD	1.43	(0.03)	(0.16)	(0.04)
INR 12M FWD	2.90	(0.04)	(0.25)	0.07
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	328	39	(3,713)	(5,719)
FII INVESTMENT- DEBT (\$ Mn)	(85)	587	(765)	(7,874)
TOTAL- (\$ Mn)	243	626	(4,478)	(13,593)

CURRENCY	ECONOMIC DATA
EUR	German Prelim GDP
GBP	CPI
USD	CPI

INDIA NEWSWIRE

1. CriSidEx index shows that sentiment among micro and small enterprises dipped marginally in the quarter ended September, compared to the last three months. Among manufacturing firms, 37 per cent of respondents responded positively about overall business conditions in the quarter, down from 45 per cent in the previous quarter. While among service firms, it fell from 44 per cent to 38 per cent.

WORLD NEWSWIRE

1. China reported a mixed bag of economic data for October, retail sales was a miss and so was data on credit growth. Chinese economic slowdown is a concerning development for the global economy

FX VIEW

Oil is down in the dumps, with Brent trading 33% below its recent 52 week high. In such an environment, Indian assets should shine in the emerging market basket. Indian bonds can see outflows turn into inflows as still decent carry induce foreign investors to consider Rupee bonds. However, for the inflows to pick up substantially, outlook towards EMs have to change. Chinese economy is still making all the wrong noises and that may deter speculative inflows into the EMs. FPI selling has stopped in the domestic equities too, with some incremental buying happening. All in all, stage is set for Rupee to appreciate further. However, pace of appreciation of Rupee is much more visible against majors like Euro, GBP and JPY. For Rupee to gain sizable ground even from here, 72.50, it needs the US Dollar to weaken against other EM currencies. For example, during 2014-16, when oil collapsed from \$115 to \$27 and there was low political risk premium, even then Rupee depreciated against USD, from 58.30 to 68.80 levels. However, during that period Rupee appreciated against almost all major 28 currencies around the world. Yes, relentless buying from RBI helped but the larger point remains, that for Rupee to appreciate against USD, Dollar has to depreciate against the major global currencies as well. Otherwise, we may see a repeat of 2014-16, where low oil prices help Rupee to chalk gains against its peers but remain stable against Dollar.

Technically, USDINR is caught in a downward trend. As long as the pair holds below 73.30, sell on rise remains the theme. Buyers of Dollar need to maintain stop below 72.35 levels, as that support needs to hold for the pair to remain stuck in a range. However, if USDINR breaks down below 72.35 on spot, the it can test 72.00 and even 71.70/80 levels.

On Rupee crosses and majors, keep an eye on Brexit headlines. UK Parliament needs to pass the draft agreement between EU and UK for the next Summit to happen around November 25th. GBP has rallied on the hopes of a passage. However, the passage is not guaranteed. If UK lawmakers reject the draft agreement, it can be a major blow to GBP. Therefore, GBPINR, GBPUSD, EURGBP and GBPJPY traders need to keep a close watch on the voting in UK Parliament.

TECHNICAL VIEW & RUPEE CROSSES:

Intermediate to short term downtrend is intact in USDINR as long as it is trading below 73.30 on spot. Support is around 72.10 on spot and below that around 71.75 and 71.50/55 on spot. On Rupee crosses, EURINR is poised to test 80.75/80 levels on spot, which if breached convincingly can expose 79.00 on spot.

*** Please turn to the next page for the chart of the day ***



Rupee’s behaviour changed post Rajan-Modi duo came at the helm. Before 2013, Rupee underperformed its peers due to several factors, but the most impactful ones were the GoI pursuing inflationary fiscal policy and then using influence to compel RBI to pursue negative real interest rates. However, post 2013, things changed, as RBI has doggedly pursued positive real rates and on the other hand, GoI followed sensible fiscal policy, which kept inflation under check.

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