

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.26	-0.14%	-2.8%	6%
EUR/INR	78.38	-0.05%	-2.5%	-2%
GBP/INR	91.75	0.08%	0.4%	1%
JPY/INR	61.99	-0.13%	-4.0%	1%
EUR/USD	1.1318	0.12%	0.2%	-8%
GBP/USD	1.3247	0.04%	2.8%	-5%
USD/JPY	111.68	-0.02%	1.1%	5%
USD/CNH	6.7238	0.03%	-0.7%	6%
10 YR YIELD- IN	7.35	(0.01)	(0.01)	(0.28)
10 YR YIELD- USA	2.62	(0.01)	(0.04)	(0.20)
GOLD (\$/Oz)	1,298	0.2%	-2%	-1%
SILVER (\$/Oz)	15.27	0.6%	-3%	-7%
BRENT CRUDE (\$/Brl)	67.24	0.0%	1%	3%
COPPER 3M (\$/Ton)	6404	-1.1%	4%	-8%
NIFTY	11413	0.61%	6.42%	10%
HANGSENG	29124	0.95%	4.38%	-8%
S&P 500	2808	-0.09%	1.18%	2%
INR 1M FWD	0.29	0.03	0.03	0.00
INR 2M FWD	0.50	0.00	(0.04)	(0.04)
INR 3M FWD	0.72	0.01	(0.03)	(0.02)
INR 6M FWD	1.33	0.00	(0.16)	(0.03)
INR 12M FWD	2.51	0.02	(0.40)	(0.05)
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	318	2,156	4,451	4,451
FII INVESTMENT- DEBT (\$ Mn)	(243)	605	(1,047)	(1,047)
TOTAL- (\$ Mn)	75	2,761	3,404	3,404

CURRENCY	ECONOMIC DATA
USD	Prelim UoM Consumer Sentiment

INDIA NEWSWIRE

- WPI based inflation rate rose to 2.93 per cent in February, from 2.76 per cent in the previous month, on surge in prices of food.

FX VIEW

Rupee continues to dance to the tune of the carry traders and FPIs. There has been a gush of flows in the equity market and even the debt segment has witnessed a reversal in fortunes in March. Flows are pouring in from all directions. It is clear that investors and speculators are pricing in a NaMo victory in the upcoming LS elections in April-May. RBI too is adding to the feel good factor by doing its bit to ease the liquidity crunch in the banking system and also assist the industry via allowing of buyers credit. Political stability and economic stability are the joint narrative in motion.

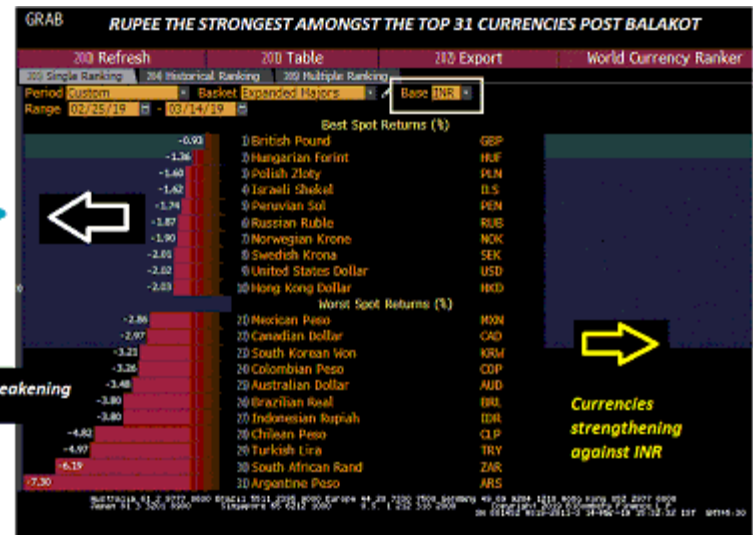
What can upset the equation? For the global factors to upset this apple cart may require significant amount of dislocation in risk appetite and over a sustained period of time. Otherwise, fleeting moments of risk-off would become an opportunity to build more shorts in the USDINR derivatives. Domestic factors that can challenge the dominant narrative could be if tensions between India & Pakistan re-escalate. If media reports are to be believed, then two countries, Army, Navy and Air force are still maintaining a certain level of preparedness. In other words, in moment's notice, they can engage the adversary. Therefore, it requires no mention, that as Rupee traders we need stay focused on developments at the Border. On the other hand, if there is no escalation at the border, Rupee may not have much to worry at least till elections begin. Once the polls get underway, two way volatility could become the norm.

After day before yesterday's move from RBI, forward premium have collapsed. A lower forward premia is helpful for corporates looking to raise money from abroad on a hedged basis. It will also encourage FPIs to invest in Indian corporate bonds on a hedged basis, as the spreads are quite attractive. However, at the same time, a low forward premia can discourage exporters from selling Dollars via long dated contracts and also discourage carry traders who were simply shorting forwards/futures and earning a rolling return.

In global markets, UK Parliament has voted to extend the Brexit deadline beyond 29th March,2019. Now it is upto EU 27 to accept the proposal. GBP may rally once EU accepts it. As a result, we are favourably disposed towards GBPUSD and GBPINR today. We would issues tactical long calls when the opportunity present itself. Overnight, US stock markets closed in the red, ignoring the announcement from US President that a trade deal between US & China may occur over the next 1 month. However, there are concerns that another front in the trade war may open up. This time between US and EU. US President, Trump is evaluating a report he received from the Commerce Department on the possible security threats posed by imported autos. Germany could be worse affected if US decides to impose penal tariffs on Autos being imported from EU. We would be keeping an eye on both these trade negotiations, viz, Sino-US & EU-US.

TECHNICAL VIEW:

USDINR spot may open flat, around 69.35 levels. Intermediate trend remains downward for the pair. We would look to sell on rise with stop above 70.00 levels on spot. Near term support is around 69.20/22, followed by 68.60/80 region on spot. ***** CHART ON NEXT PAGE*****



The way India changed the narrative post Balakot, militarily and politically has reduced the Political risk Premium and Geo-political risk premium in the country. Foreign investors and speculators have piled on in INR longs... **BIG SHIFT IN THE WINDS IN JUST FEW DAYS...**

"There are decades where nothing happens; and there are weeks where decades happen" ~~~~Lenin

Source: Bloomberg

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