

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR	
USD/INR	71.30	0.10%	-0.4%	-4%	
EUR/INR	78.62	0.11%	-0.5%	-9%	
GBP/INR	90.09	0.76%	1.1%	-8%	
JPY/INR	65.82	0.24%	-0.5%	-1%	
EUR/USD	1.1028	0.01%	0.2%	-5%	
GBP/USD	1.2635	0.21%	1.6%	-4%	
USD/JPY	108.34	-0.06%	0.2%	-3%	
USD/CNH	7.08	0.09%	0.2%	2%	
10 YR YIELD- IN	6.50	0.02	(0.14)	(1.43)	
10 YR YIELD- USA	1.69	(0.04)	(0.21)	(1.47)	
GOLD (\$/Oz)	1,494	0.1%	0%	22%	
SILVER (\$/Oz)	17.71	0.3%	-1%	21%	
BRENT CRUDE (\$/Brl)	58.91	-0.7%	-2%	-27%	
COPPER 3M (\$/Ton)	5818	0.4%	-3%	-8%	
NIFTY	11383	0.4%	2.8%	8.3%	
HANGSENG	26506	-0.1%	-3.1%	4.2%	
S&P 500	2966	-0.1%	-1.4%	7.8%	
INR 1M FWD	0.22	(0.01)	(0.05)	(0.08)	
INR 3M FWD	0.67	0.01	(0.12)	(0.16)	
INR 12M FWD	2.94	0.05	(0.29)	(0.20)	
USDINR 1 MONTH ATM IV	5.95	(0.07)	(0.77)	(2.12)	
USDINR 3 MONTH ATM IV	6.12	0.00	(0.41)	(1.95)	
		1 DAY	MTD	QTD	CTD
FII INVESMENT- EQ (\$ Mn)	(80)	(736)	(736)	7,425	
FII INVESMENT- DEBT (\$ Mn)	169	38	38	4,011	
TOTAL- (\$ Mn)	89	(698)	(698)	11,436	

#### CURRENCY

#### ECONOMIC DATA

GBP	UK jobs report & Carney speech
EUR	German ZEW Economic Sentiment

#### TECHNICAL VIEW

##### Currency pair ==> USDINR spot

View = The pair has broken out of the 3 week range below 71.15 on spot. Range can expand to 71.55/60.

Trade = Buy between 71.20/24 TP 71.50/60 SL 71.09

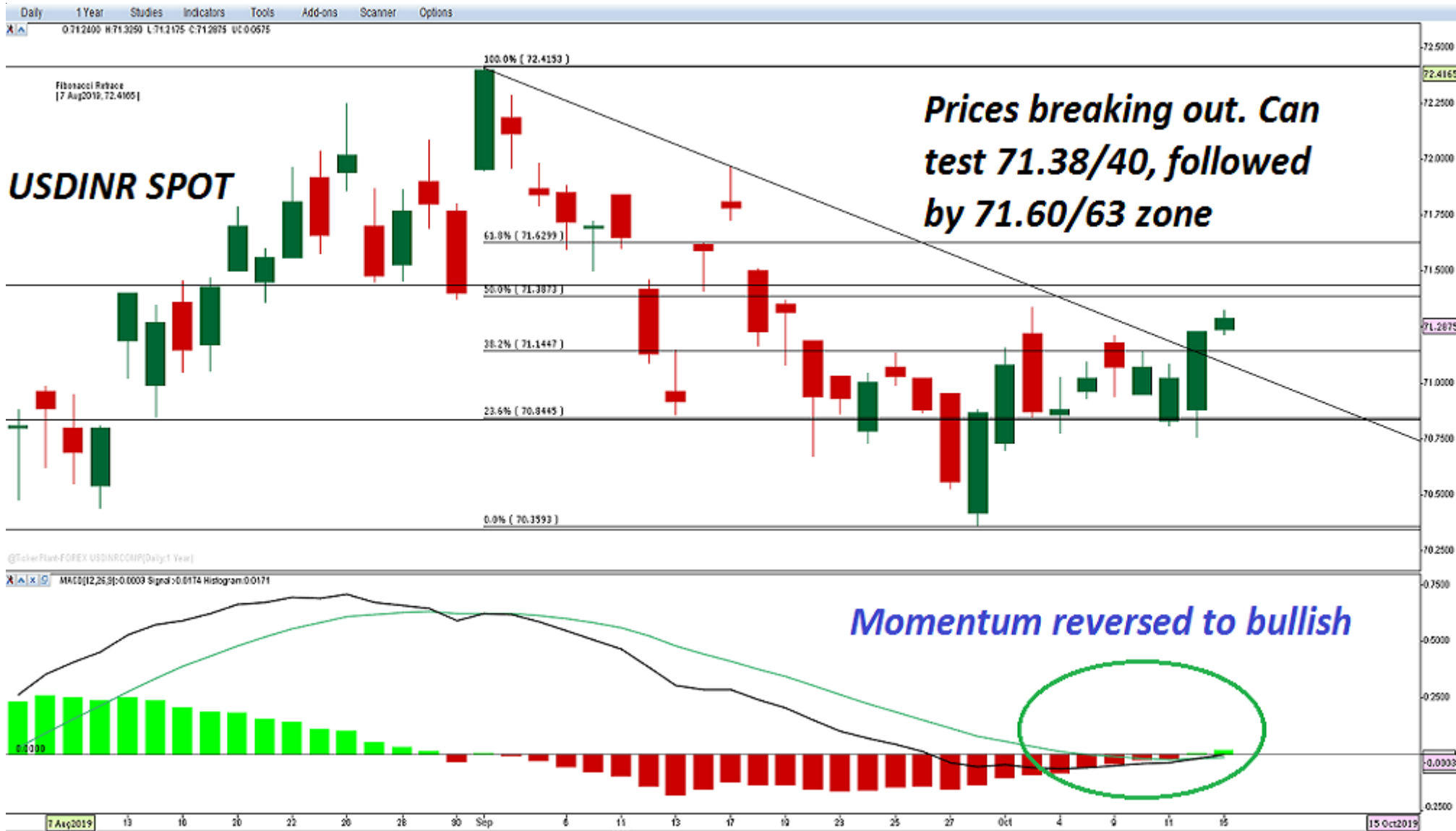
##### Currency pair ==> GBPUSD spot

View = Uptrend can extend, if the prices can manage to sustain above 1.2500.

Trade = Buy between 1.2520/40 TP 1.2670/1.2700 SL 1.2470

#### MACRO VIEW

- Yesterday, Nifty and Sensex closed in the green. However, broader market was weak as NBFCs faced selling pressure on account of downgrade by the ratings agency Moody's of IndiaBulls Housing Finance. Indian Rupee weakened by 21 paise as USDINR inched towards 71.22 by close. Short covering and some corporate demand was noted. The intraday range was wide as the pair had at the open gapped down below 70.80 on spot. However, like a recurring phenomenon, central bank's demand for Dollars did not allow further appreciation of the currency.
- Dollar Rupee is stuck in the range for over a month now due to lack of dominant triggers. On one hand, we have the risks like hiccup prone trade negotiations between China and US and ongoing outflow of portfolio investors from India which are supportive factors for Dollar, but on the other hand, high carry in Rupee, coupled with no sustained risk aversion in global markets, is not allowing for speculators to short INR aggressively. It is the portfolio investor which provides the direction to the currency and then it is upto the speculator to amplify the move in that direction. Currently, FPI flows are marginally negative, so there is some support for USDINR but for the above mentioned factors speculators not willing to amplify the move using the power his bets. Positioning is not at extremes and hence not going to be a factor to cause trend in USDINR. Therefore, we need to watch the new hiccup which has emerged in the Sino-US trade deal, if this can cause EM stocks to fall, then we can see an expansion in the range, which is currently between 70.75/80 and 71.20/25 on spot, possibly towards 71.55/60 on spot.
- Overnight, US stock market closed lower on the back of fresh concerns over the China-US trade deal. According to Bloomberg, China wants US to remove the stick of mid-December tariff hike as a precondition for an interim deal. However, US Treasury Secretary has categorically stated that if China does not sign on the dotted line, then US will hike tariffs in December. However, no official word has come from China and also no fresh trade related tweet has come from the US President. Therefore, markets may wait for the official word before responding.
- The negotiations between EU and UK is underway but it seems unlikely that a deal can be hammered in this week's EU summit. The apparent road block facing negotiators are the UK's latest proposals to solve the complex Northern Ireland border question by keeping Northern Ireland in both a UK and EU customs territory, thereby avoiding a 'hard' border on the island of Ireland. UK has proposed a complex system of rebates but it seems unlikely it will get ratified this week. If UK PM cannot seal a Brexit deal (with the EU or in the UK House of Commons) by Saturday 19 October, the Brexit delay bill (the Benn Act) requires him to ask the EU to postpone Brexit by three months to 31 January 2020. Therefore, a lot of drama is yet to unfold in GBP and hence trade accordingly. \*\*\* CHART ON NEXT PAGE \*\*\*



**USDINR SPOT**

*Prices breaking out. Can test 71.38/40, followed by 71.60/63 zone*

*Momentum reversed to bullish*

Source: TickerPlant

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