

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	70.27	-0.11%	0.9%	4%
EUR/INR	78.77	0.08%	0.1%	-1%
GBP/INR	90.28	-0.51%	-0.9%	-1%
JPY/INR	64.22	0.03%	3.2%	4%
EUR/USD	1.1209	0.07%	-0.6%	-5%
GBP/USD	1.2849	0.03%	-1.5%	-5%
USD/JPY	109.48	-0.11%	-2.3%	-1%
USD/CNH	6.9096	0.08%	2.8%	8%
10 YR YIELD- IN	7.39	0.01	(0.00)	(0.51)
10 YR YIELD- USA	2.37	(0.00)	(0.22)	(0.72)
GOLD (\$/Oz)	1,296	0.0%	2%	0%
SILVER (\$/Oz)	14.79	-0.1%	-1%	-10%
BRENT CRUDE (\$/Brl)	72.13	0.5%	1%	-9%
COPPER 3M (\$/Ton)	6085	1.0%	-6%	-11%
NIFTY	11174	0.16%	-5.20%	4%
HANGSENG	28337	0.24%	-5.95%	-9%
S&P 500	2851	0.58%	-1.93%	5%
INR 1M FWD	0.28	0.01	(0.01)	0.06
INR 2M FWD	0.52	0.00	(0.05)	0.08
INR 3M FWD	0.80	0.02	(0.03)	0.10
INR 6M FWD	1.54	0.01	(0.01)	0.17
INR 12M FWD	3.01	0.03	0.14	0.28
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(278)	(266)	1,275	9,502
FII INVESTMENT- DEBT (\$ Mn)	156	(459)	(2,029)	(761)
TOTAL- (\$ Mn)	(122)	(725)	(754)	8,741

CURRENCY	ECONOMIC DATA
USD	Philly Fed Manufacturing Index
USD	Retail Sales

INDIA NEWSWIRE

- In April, merchandise exports inched up by 0.64 per cent year-on-year to \$26.07 billion in April, while imports rose by 4.48 per cent to \$41.4 billion compared to the same month last year. In April 2019, major commodity groups of export showing positive growth, includes petroleum products (30.75%), electronic goods (27.78%), organic and inorganic chemical (15.06%), RMG of all textiles (4.42%) and drugs and pharmaceuticals (4.03%). Much of the rise in imports came from crude and gold purchases, which rose by 9.26 per cent to \$11.38 billion. Meanwhile, gold imports spiked by 54 per cent to \$3.97 billion in April.
- India's services exports rose by 6.6 per cent to \$17.94 billion in March. Services imports in March too grew by 10.55 per cent to \$11.37 billion. The trade balance in services for the month under review is estimated at \$6.58 billion.

FX VIEW

President Donald Trump on Wednesday declared a national emergency over threats against American technology. The move, done via executive order, authorized the Commerce Secretary Wilbur Ross, in consultation with other top officials, to block transactions that involve information or communications technology that "poses an unacceptable risk to the national security of the United States."

Additionally, this move will make it more difficult for the Chinese telecom giant, Huawei to conduct business with U.S. companies. U.S. companies cannot sell or transfer technology to Huawei without a license issued by the BIS. That could make it harder for Huawei to do business, as it depends on some U.S. suppliers for parts.

President Trump played it smartly by not opening up another front in the trade war, this time with EU, Japan and South Korea. Media reported that Trump administration plans to delay auto tariffs by up to six months. This will enable them to focus its resources on China. US sees China as a strategic threat on multiple fronts. As a result, they may not relent on trade easily. US also understands that China's back is to the wall as the economy needs constant pump priming and dangerous debt addicted investment bubbles to stay afloat.

Overnight US stock market closed in the green but Asia is bleeding. EM and Asian stock and currencies continues to underperform US stocks and USD. This trend may sustain till this leg of trade war does not reach its conclusion. India equity has been moving in lockstep with Emerging Markets. Ongoing month long sell-off in domestic equity is in line with what transpired in EM. Growth has slowed down and financial risks have risen over the horizon for the Indian economy. A part of the slowdown in spending could be temporary and once the new government is sworn in, spending may pick up, provided there is political stability. However, bigger risks to the Indian economy comes from the weak growth in agricultural income, adjustment cost of formalisation and NBFC/HFC-real estate mess.

Thanks to a mini rally in US stocks and strength in Euro, Brent crude oil has bounced back strongly, now trading above 72 dollars a barrel. However, USDINR showing no stress yet, quoting 70.30 on spot.

TECHNICAL VIEW & RUPEE CROSSES:

Bias remains bullish on USDINR, as long as it holds 70.10 on spot. Next major resistance zone is around 70.90/71.00 levels, which may not be easily breached. Hence, a range of 70.00 and 71.00 may unfold over this week. We remain on EURINR and JPYINR. Hence, buying on decline is advisable in both.

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Source: Bloomberg

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