

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	71.46	0.03%	-0.5%	-3%
EUR/INR	79.15	0.45%	0.0%	-7%
GBP/INR	91.63	0.61%	2.8%	-5%
JPY/INR	65.71	-0.03%	-1.1%	0%
EUR/USD	1.1078	0.05%	0.0%	-4%
GBP/USD	1.2822	-0.08%	2.6%	-2%
USD/JPY	108.77	0.01%	0.6%	-4%
USD/CNH	7.10	0.02%	0.2%	2%
10 YR YIELD- IN	6.46	(0.01)	(0.28)	(1.45)
10 YR YIELD- USA	1.73	(0.01)	(0.07)	(1.48)
GOLD (\$/Oz)	1,489	-0.1%	-1%	22%
SILVER (\$/Oz)	17.35	-0.3%	-4%	19%
BRENT CRUDE (\$/Brl)	58.98	-0.7%	-9%	-26%
COPPER 3M (\$/Ton)	5730	-0.7%	-2%	-8%
NIFTY	11461	0.0%	6.0%	9.6%
HANGSENG	26868	0.8%	0.3%	5.5%
S&P 500	2990	-0.2%	-0.5%	6.4%
INR 1M FWD	0.21	(0.01)	(0.07)	(0.09)
INR 3M FWD	0.68	0.01	(0.12)	(0.17)
INR 12M FWD	2.93	0.02	(0.27)	(0.21)
USDINR 1 MONTH ATM IV	6.07	0.05	(0.88)	(1.54)
USDINR 3 MONTH ATM IV	6.16	0.01	(0.53)	(1.59)
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	304	435	435	8,595
FII INVESTMENT- DEBT (\$ Mn)	(63)	(33)	(33)	3,941
TOTAL- (\$ Mn)	241	402	402	12,536

CURRENCY	ECONOMIC DATA
GBP	Retail sales
EUR	EU Economic Summit

TECHNICAL VIEW

Currency pair ==> USDINR spot

View = The pair having taken out key resistance above 71.40 is poised to test 72.00 on spot.

Trade = Buy between 71.50/55 TP 71.90/72.00 SL 71.35

Currency pair ==> GBPUSD spot

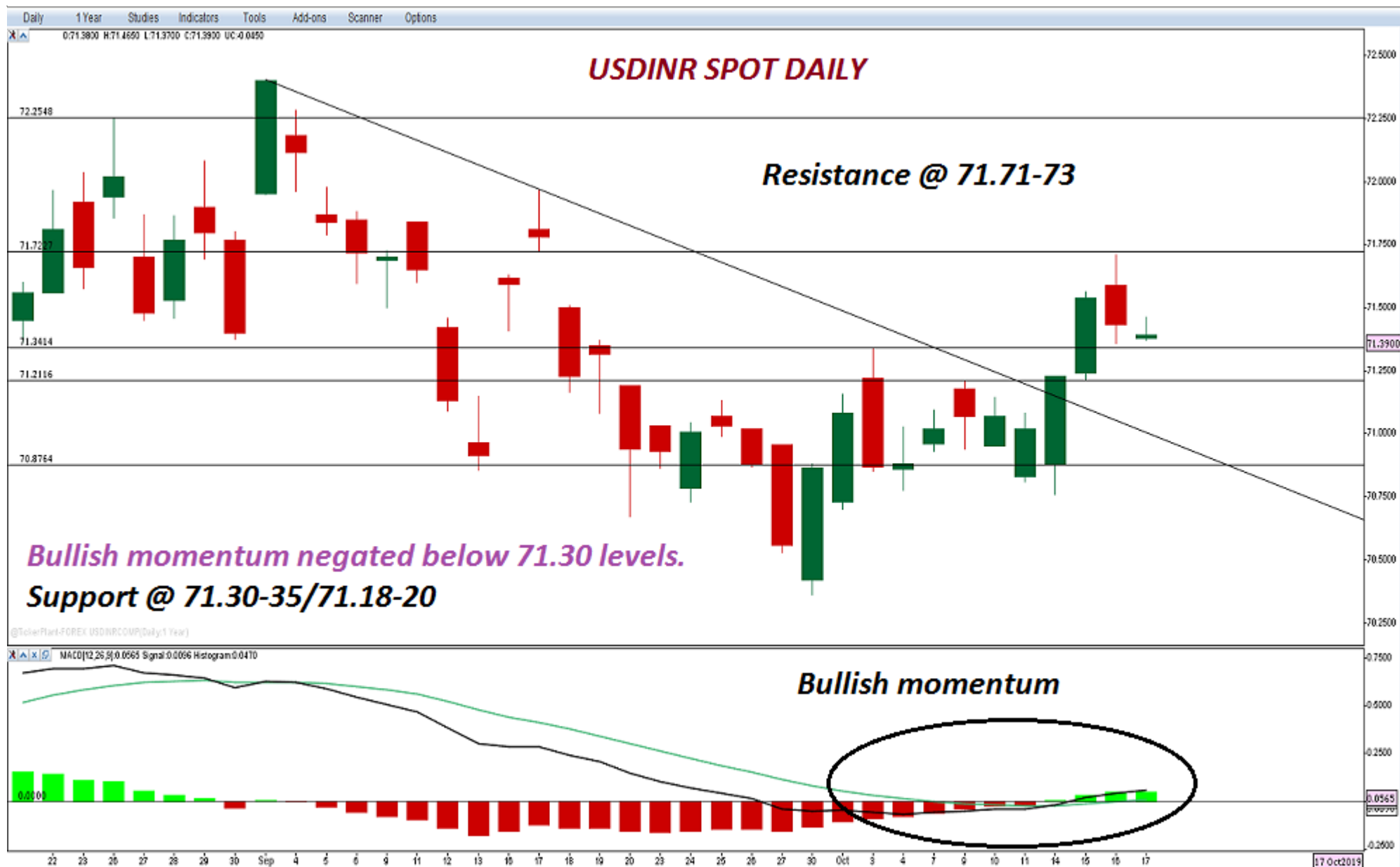
View = Uptrend can extend, if the prices can manage to sustain above 1.2500.

Trade = Buy between 1.2660/1.2680 TP 1.2830/50 SL 1.2590

MACRO VIEW

- Yesterday Indian equities closed higher with 0.30% gains on major indices. Indian Rupee recoupled with the stocks. After weakening towards 71.71 during the first hour of trading, as buy stops were triggered in the OTC, later reversed course and closed not far from the low point of the day. USDINR spot closed at 71.43, down 11 paise from previous day's close. Central bank was heard bracketing the market, with offers and bids throughout the day. FPI inflows were noted and even some FDI related flows were also heard.
- The point remains, speculators are only willing to bid the pair higher till that point, it is necessary to shake off the unsustainable shorts on USD. This is how the upmoves have played out since the top of 74.50 last October. The major short covering spike occurred during July-August, when the pair moved from low 68.30 to 72.40, the short covering demand was substantially large as positioning had reached extreme. INR bulls was caught like deer in headlights once the Sino-US trade deal went from live wire to dead wire on a dime. This time too, the two day upmove from 70.74 to 71.71, nearly a buck was led by short covering. However, the positioning as we wrote yesterday, is not as extreme as it was during July. At the same time, global risk appetite is tenuous but still existing and hence, speculator is not eager to bear the carry for long, by going long USDINR. Therefore, till we get a sustained risk aversion back which ignites the risk of large portfolio outflows, speculators and hedgers may keep the pair oscillating between 71.00 and 72.00 on spot. RBI would also play a key role as the pair is lacking speculative backing. FPI flows are now net positive, which means, at higher levels, even the FPI may keep offering the Greenback. Oil is out of the game, too low to cause upward panic in the pair.
- Overnight US stocks were marginally lower as the phase 1 of the trade deal will take more time before its signed off by China and US. US Bond yields remained flat. US yield curve continues to exhibit the kink, with 0-5 sloping down ward but 5-30 sloping upward. Asian equity markets are trading marginally higher and onshore Nifty is flat. Brent crude oil prices are trading at 59 handle now. Gold prices are down at 1485 dollars on the active month futures on the CME.
- GBPUSD reached its strongest level since May 2019 on the prospect of an imminent Brexit agreement. A deal is close with German Chancellor Merkel saying, "we are in the last meters of the negotiation" and French President Macron adding that a "Brexit agreement is being finalized." An agreement should be announced in the next 24 to 48 hours. EU economic summit gets underway today and all eyes will be on the summit to see whether EU and UK and stick together a deal. UK Parliament is scheduled to meet on Saturday to vote on whatever agreement is proposed. Volatility is going to high. If the deal gets done and approved by UK, we could see GBPUSD trading towards 1.31/1.32 levels but a failure now can send cable back below 1.2500.

*** CHART ON NEXT PAGE ***



Source: TickerPlant

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