

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	73.63	0.03%	1.7%	12%
EUR/INR	84.36	-0.71%	-0.2%	9%
GBP/INR	95.88	-0.70%	0.8%	11%
JPY/INR	65.53	0.18%	1.4%	12%
EUR/USD	1.1457	0.03%	-1.9%	-3%
GBP/USD	1.3021	0.02%	-0.9%	-1%
USD/JPY	112.38	0.15%	0.1%	0%
USD/CNH	6.9367	-0.04%	1.2%	5%
10 YR YIELD- IN	7.89	(0.02)	(0.18)	1.13
10 YR YIELD- USA	3.18	(0.00)	0.11	0.86
GOLD (\$/Oz)	1,227	0.1%	2%	-5%
SILVER (\$/Oz)	14.60	0.1%	2%	-15%
BRENT CRUDE (\$/Brl)	79.40	0.1%	0%	39%
COPPER 3M (\$/Ton)	6157	-1.0%	1%	-12%
NIFTY	10338	-1.10%	-8.34%	1%
HANGSENG	25348	-0.42%	-7.51%	-10%
S&P 500	2769	-1.44%	-4.79%	8%
INR 1M FWD	0.33	0.04	0.05	0.08
INR 2M FWD	0.59	0.01	(0.00)	0.10
INR 3M FWD	0.85	0.06	0.01	0.15
INR 6M FWD	1.63	0.02	0.00	0.21
INR 12M FWD	3.14	0.01	(0.09)	0.40
		1 DAY	MTD	QTD
FII INVESTMENT- EQ (\$ Mn)	(146)	(2,500)	(2,500)	(4,505)
FII INVESTMENT- DEBT (\$ Mn)	(188)	(1,500)	(1,500)	(8,610)
TOTAL- (\$ Mn)	(334)	(4,000)	(4,000)	(13,115)

CURRENCY	ECONOMIC DATA
GBP	BOE Gov Carney Speaks

WORLD NEWSWIRE

- Chinese economy grew 6.5 percent year-over-year in the third quarter of 2018. That missed expectations for a 6.6 percent growth. Industrial production for September grew 5.8 percent compared to a year ago, missing expectations. Retail sales for September jumped 9.2 percent compared to the same month last year, beating estimates. Fixed asset investment for January-to-September grew 5.4 percent year-over-year, once again beating estimates.

FX VIEW

After a mid-week holiday, Rupee to open flat around 73.70 on Oct futures and 73.62/63 levels on spot. Over the past 36 hours, major movers for forex market has been the just released minutes of the last US Fed meeting. The Fed minutes added to the debate about where US rates are headed. A number of Fed officials saw the need to hike above the long-run level, which is pegged at the 3.4% median in the dot plot. At the same time, US Fed cautioned against risk of developing excesses in the financial markets and credit market from accommodative monetary policy. On inflation risks, three members now see them tilted to the upside compared to one previously. Post release of the minutes, US bond yields rose towards 3.20% on the 10 year and US Dollar rallied against all major currencies, including Euro and GBP.

A strong USD and higher US yields coupled with sell-off in global equities led by massive risk aversion from Chinese stock market and currency should have been enough to prompt an open around 74.00 levels on spot. However, a 9% plunge in oil prices is helping the Rupee. Risk reversal data from the NDF market points towards a possible range bound market as of now.

Global financial markets are reacting to several developments from rising tension between Saudi Arabia & US after the death of a Saudi journalist, rift between Italy and EU over its budget which is causing the Italian bond yields to spike as well as the deep sell-off in the Chinese equity market and currency on the fears of rising defaults in the financial sector and slowing growth. Brexit negotiations have once again hit a wall and that is dragging the GBP lower. In Eurozone, ECB has joined ranks with EU officials to warn Italy about its budget. ECB chief Draghi said that "there is no evidence that to undermine all the rules will lead to prosperity, but it will carry a high price tag for all actors."

The European Commission has chastised Italy for a spending plan that will raise its deficit to three times that which was previously agreed, calling the deviation "unprecedented in the history" of the EU's stability and growth compact. Amidst all these volley of words, Italian yields continue to rise, the 10 year is now at a multi-year high at 3.73%. Higher the yields travel, more pressure can build on Euro as well as on the European stock market, which augurs negatively for EM assets as well.

TECHNICAL VIEW & RUPEE CROSSES:

For the day, we need to keep an eye on global markets as well domestic equities. If the sell-off intensifies, then buying can be done on decline in USDINR between 73.30/40 region on spot, with stops below 73.00 levels on spot, on a closing basis. Upside is capped between 73.90/74.00. Once the pair manages to re-establish itself above 74.00, it can aim for 74.50 on spot once again.

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