

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	71.50	0.43%	1.8%	11%
EUR/INR	81.32	0.11%	1.4%	4%
GBP/INR	91.97	-0.28%	3.3%	3%
JPY/INR	65.23	0.67%	3.5%	12%
EUR/USD	1.1374	0.10%	0.0%	-7%
GBP/USD	1.2864	-0.06%	1.7%	-8%
USD/JPY	109.60	-0.16%	-1.5%	-1%
USD/CNH	6.8003	-0.05%	-1.8%	6%
10 YR YIELD- IN	7.35	0.04	0.07	0.05
10 YR YIELD- USA	2.78	0.00	(0.01)	0.13
GOLD (\$/Oz)	1,282	0.0%	2%	-4%
SILVER (\$/Oz)	15.32	-0.2%	5%	-10%
BRENT CRUDE (\$/Brl)	62.95	0.4%	17%	-8%
COPPER 3M (\$/Ton)	6052	1.0%	1%	-14%
NIFTY	10965	0.53%	1.96%	1%
HANGSENG	27182	0.34%	5.55%	-16%
S&P 500	2671	1.32%	10.51%	-5%
INR 1M FWD	0.26	(0.00)	0.00	0.01
INR 2M FWD	0.48	0.02	0.01	0.01
INR 3M FWD	0.75	(0.00)	0.06	0.02
INR 6M FWD	1.47	0.00	0.04	0.05
INR 12M FWD	2.89	0.01	0.16	0.11
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	125	(283)	(283)	(283)
FII INVESTMENT- DEBT (\$ Mn)	(40)	(348)	(348)	(348)
TOTAL- (\$ Mn)	85	(631)	(631)	(631)

CURRENCY	ECONOMIC DATA
EUR	German PPI
EUR	German Buba Monthly Report

INDIA NEWSWIRE

1. India is likely to surpass the United Kingdom in the world's largest economy rankings in 2019, according to a report by global consultancy firm PwC..

FX VIEW

Asian markets are in a risk-on mood today thanks to a better than expected data flow from China. Though China's GDP for 2018 came in at slowest level since 1990, at 6.6% but the other data, private sector investment, industrial production and retail sales beat expectation. The same positive data is also driving oil prices higher. USDINR is unable to get much benefit from it, as traders are eager to buy on the dips in the pair going into Budget is going to be an eventful week with major economic data and events scheduled from EZ, UK and US. Indian economic docket is largely empty. Therefore Rupee would take cue from the risk appetite and crude oil. Heading into the Union Budget, risk premium may increase in Rupee as well as Indian long bonds. In past 3 out of 4 Union Budgets, Indian bond yields have hardened going into Budget, only to fade post the event. All eyes are on the gross fiscal deficit figure for FY19 and projections for FY20. Government is running short of target on GST revenues and non-tax revenues like disinvestments. However, if GoI can rush through with disinvestments over the next two months, alongwith bouyancy in direct taxes, a package for farmers can be accomodated within the 3.5% GFD level, which is widely expected by the market. Therefore, if GOI delivers a GFD at or below 3.5% for FY19, then yields can decline post Union Budget, as market would play for a rate cut from RBI. Rupee too may breathe a sigh of relief.

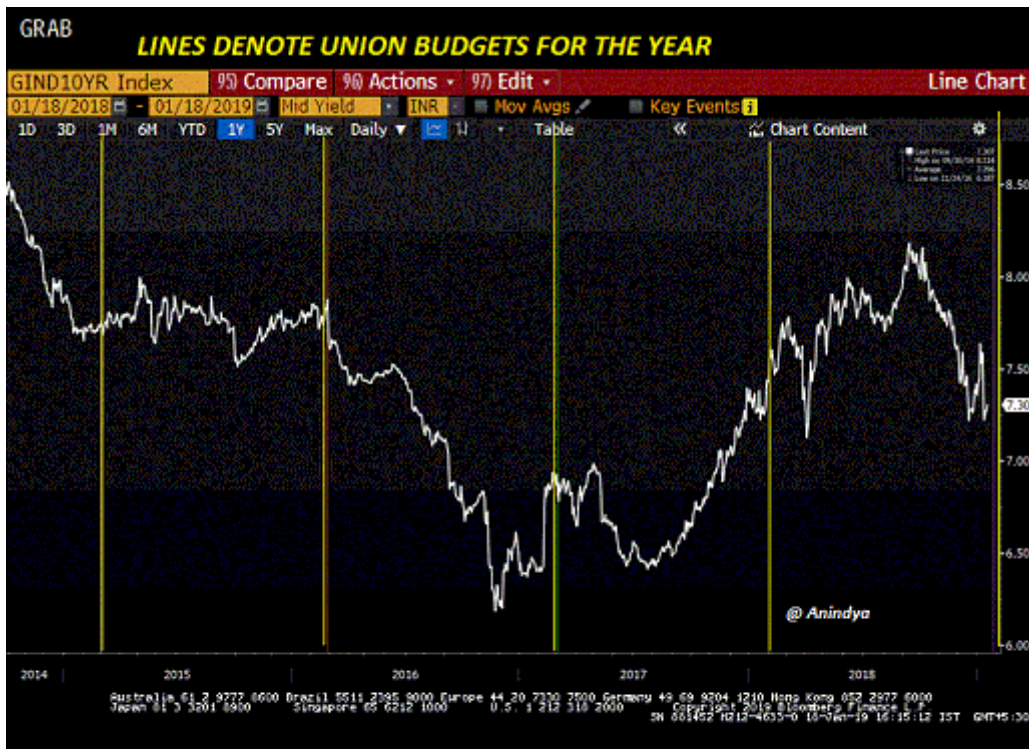
Over this week from global economies, major events to watch will be next instalment of the Brexit saga. After having survived the no-confidence vote, UK PM May has to submit a Plan-B by tonight, on which Parliament will vote. On Monday a motion will be put to Parliament which, if voted through, would 'express the will of Parliament against 'no deal'. May has no choice but to ask the EU for more time, which is why by Monday, Article 50 should be extended. It then goes to vote by EU member states who are widely expected to approve the request. The European Parliament's Brexit coordinator Verhofstadt suggested that he's open to an extension to May and not beyond that because he doesn't want Brexit opinions to spill over to European parliamentary elections. There are multiple options in front of UK, they can consider a Norway style model or a permanent customs union or relent to a second referendum – all of which should be positive for GBP. The only scenario, where crash risk will increase is if May refrains from an extension of Article 50, which would then increases chances of a "no-deal" Brexit.

Next major event to watch will ECB meeting on Thursday where ECB will be quizzed on the economic slowdown underway in Eurozone and its impact on the path of ECB monetary policy going forward. Any hint from ECB that they are turning even more dovish, can whack the Euro below 1.13 against USD.

TECHNICAL VIEW:

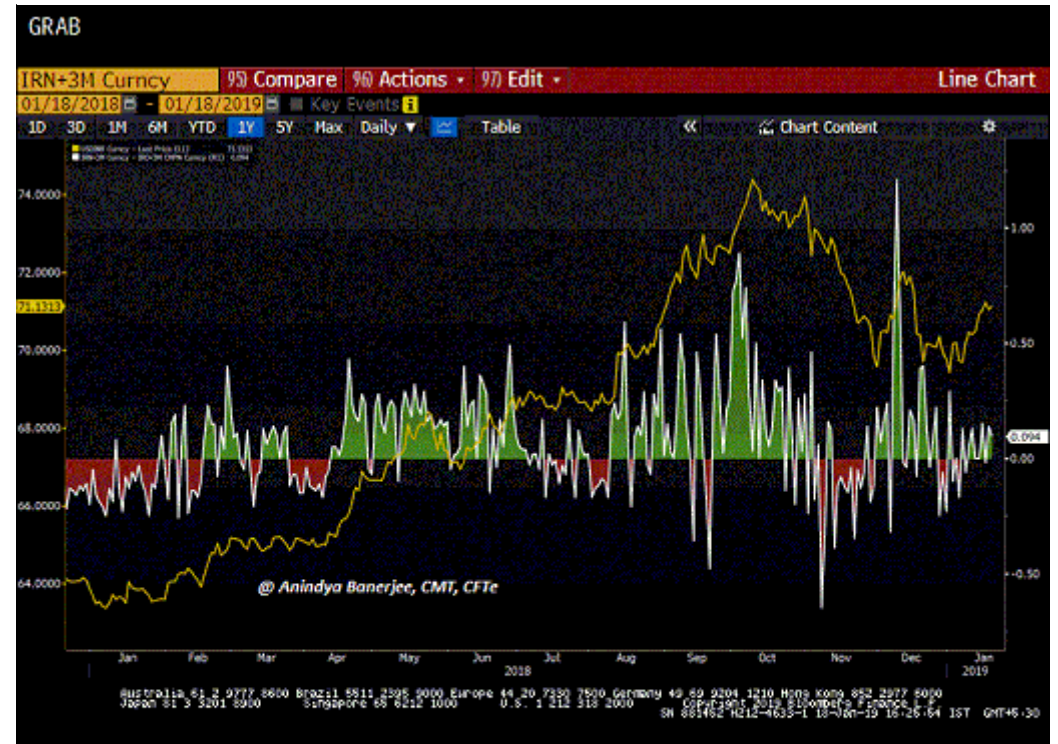
USDINR remains in an uptrend as long as spot holds above 70.80/90 zone on spot. Resistance is around is between 71.50/55 and then around 72.00 levels on spot. With Brent crude trading above 63.00, it will provide support to Dollar Rupee longs.

****CHART ON NEXT PAGE****



3 OUT OF 4 BUDGETS, YIELDS HAVE HARDENED PRE-BUDGET, ONLY TO DECLINE THEREAFTER. WILL IT BE THE SAME IN 2019?

Source: Bloomberg



YELLOW LINE IS USDINR SPOT PRICE & AREA GRAPH IS SPREAD BETWEEN OFFSHORE AND ONSHORE USDINR 3 MONTH FORWARDS. CURRENTLY NDF IS AT A PREMIUM. AFTER BEING IN DISCOUNT, OFFSHORE SPECS ARE NOW LONG USDINR, PRICING FISCAL RISK AND OR POLITICAL RISK

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