

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	70.99	-0.17%	-0.4%	9%
EUR/INR	80.59	0.02%	-0.6%	1%
GBP/INR	92.61	-0.02%	1.0%	3%
JPY/INR	64.08	-0.11%	-1.4%	6%
EUR/USD	1.1349	0.10%	-0.1%	-8%
GBP/USD	1.3045	-0.04%	1.2%	-6%
USD/JPY	110.78	-0.06%	1.0%	3%
USD/CNH	6.6927	-0.39%	-1.6%	5%
10 YR YIELD- IN	7.34	0.00	0.03	(0.37)
10 YR YIELD- USA	2.66	0.02	(0.12)	(0.29)
GOLD (\$/Oz)	1,340	0.1%	5%	1%
SILVER (\$/Oz)	16.04	-0.1%	5%	-3%
BRENT CRUDE (\$/Brl)	67.22	0.2%	7%	3%
COPPER 3M (\$/Ton)	6405	1.4%	6%	-10%
NIFTY	10728	-0.07%	-2.13%	3%
HANGSENG	28664	0.53%	5.40%	-9%
S&P 500	2785	0.18%	4.27%	3%
INR 1M FWD	0.25	(0.00)	(0.02)	0.02
INR 2M FWD	0.53	(0.01)	0.05	0.00
INR 3M FWD	0.79	0.04	0.04	0.03
INR 6M FWD	1.48	0.01	0.03	0.06
INR 12M FWD	2.91	0.07	0.04	0.13
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(218)	(234)	(309)	(309)
FII INVESTMENT- DEBT (\$ Mn)	(16)	(125)	(492)	(492)
TOTAL- (\$ Mn)	(234)	(359)	(802)	(802)

CURRENCY	ECONOMIC DATA
EUR	Flash PMI & ECB minutes
USD	Durable Goods & Philly Fed

INDIA NEWSWIRE

- Foreign Direct Investment data have revealed that inbound equity investments dropped for the first time under the current regime, going down by 7 per cent in the April-December period of FY19. According to the 2018 at Kearney, India is not among the top 10 destinations for FDI. After rising for the past two years, India's position fell three places in 2018-11. But despite losing its status among the top 10 for the first time since 2015, India remained the second-highest emerging market

WORLD NEWSWIRE

- A spokesman for China's Ministry of Foreign Affairs says the country will not use the yuan's exchange rate as a bargaining chip to resolve trade disputes with the United States.

FX VIEW

FOMC minutes were the center of attraction for traders during the US session.

- Did Fed sound dovish? Yes they did
- Was that a surprise? Not at all
- Did market expect a hint to an end to the balance sheet run-off? Yes they did. Fed officials stressed that the FOMC would be flexible in its approach to balance sheet normalization. Further, the minutes revealed that Fed staff gave options for ending balance sheet runoff in the second half of 2019. Almost all officials pressed to halt runoff later this year
- Did Fed shut the door to any further rate hikes? Not at all. They in fact kept the door just a wee-bit open for one hike in 2019.

This is not the first time, Fed has kept all options open on the table. They may pace up, slowdown or do nothing. Fed rightly so, remains flexible. With US stock markets inching closer to their all-time highs and credit spreads coming-off, financial conditions have eased significantly from the tightness that was felt late last year. If this improvement in risk appetite persists for a quarter or so, then we can see Fed hint at a rate hike and the hint may drop, like many times in the past, before a FOMC meeting. Therefore, stay alert.

Apart from Fed, there are some ongoing flow of news of MOUs being signed between China and US. According to us, those mostly cosmetic. However, both the countries have managed the rhetoric well, with trigger happy US President sounding matured on his recent tweets on trade. As long as US President does not resume its twitter belligerence.

TECHNICAL VIEW:

Inter-market landscape is mixed for the Rupee. On one hand, risk on mood in stock markets and strong Yuan are favourable for the Rupee but on the other hand, rising oil prices are negative for INR. Brent crude is trading around 67.00 a barrel and with risk on trend in financial markets, oil can head higher, possibly towards 72.00 dollars on Brent. Therefore, downside could be limited and as a result, the pair can find support 70.80/90 levels on spot. Resistance is around 71.40/50 levels on spot.

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



The negative impact of rising oil prices is being nullified by strengthening Chinese Yuan

Source: Bloomberg

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