

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.74	-0.01%	0.1%	2%
EUR/INR	77.85	0.05%	-0.7%	-3%
GBP/INR	88.77	-0.12%	-1.9%	-3%
JPY/INR	63.27	-0.11%	1.7%	3%
EUR/USD	1.1163	-0.03%	-0.8%	-5%
GBP/USD	1.2729	0.02%	-1.9%	-5%
USD/JPY	110.23	0.15%	-1.6%	-1%
USD/CNH	6.9258	-0.20%	3.1%	8%
10 YR YIELD- IN	7.30	0.01	(0.12)	(0.51)
10 YR YIELD- USA	2.42	0.01	(0.14)	(0.64)
GOLD (\$/Oz)	1,276	-0.2%	0%	-1%
SILVER (\$/Oz)	14.44	-0.2%	-4%	-13%
BRENT CRUDE (\$/Brl)	72.19	0.3%	0%	-9%
COPPER 3M (\$/Ton)	6029	-0.4%	-7%	-12%
NIFTY	11851	0.20%	0.84%	13%
HANGSENG	27850	0.22%	-7.05%	-11%
S&P 500	2840	-0.67%	-2.23%	4%
INR 1M FWD	0.27	0.01	(0.06)	0.03
INR 2M FWD	0.50	0.00	(0.10)	0.05
INR 3M FWD	0.76	(0.02)	(0.09)	0.09
INR 6M FWD	1.49	(0.05)	(0.09)	0.12
INR 12M FWD	2.95	(0.10)	(0.05)	0.22
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(161)	(707)	834	9,060
FII INVESTMENT- DEBT (\$ Mn)	(43)	(173)	(1,743)	(474)
TOTAL- (\$ Mn)	(203)	(880)	(909)	8,586

CURRENCY	ECONOMIC DATA
GBP	Inflation Report Hearings

FX VIEW

Exit polls are out but still 48 hours to go before the official results are out. Exit polls are forecasting a saffron surge across the length and breadth of India. A strong and constructive leadership is always desirable. After decades of coalition government, India had once again tasted the benefits of a single party majority. It would be a positive development if the trend continues and even better, if it strengthens further. Nation requires the developments of NaMo government to be carried forward and more bold reforms are needed in areas of land, labour, capital, ecology etc.

Yesterday Indian stock market zoomed higher on the back of Modi hope. Not just equity, currency and bonds too, performed quite well. Dollar Rupee opened 90 paise lower, closer to 69.30 levels on spot, but further losses did not occur as RBI stepped in to defend the Dollar. Global factors were not supportive as Sino-US trade war escalated and that weakened the Yuan. Oil prices remained steady above 72 dollars a barrel in the front month contract of Brent crude. Oil is not only drawing strength from a tightening physical market but also from the war of words between Iran and US.

Overnight, US and European stocks closed deep in the red due to a sharp sell-off in the technology stocks. Asian markets are mostly mixed with Chinese stocks trading in the green. Yuan has regained the ground it lost yesterday after US allowed temporary reprieve to Huawei.

The U.S. government on Monday temporarily eased some trade restrictions imposed last week on China's Huawei, a move that sought to minimize disruption for the telecom company's customers around the world. The U.S. Commerce Department will allow Huawei Technologies to purchase American-made goods in order to maintain existing networks and provide software updates to existing Huawei handsets. However, the telecommunications giant has been barred from sourcing American made goods for building of new products.

In the Sino-US cold war, Huawei has become the punching bag. There are now reports in media that China may announce a ban on export of some of the rare earth minerals to US. China contributes to 80% of global supply of rare earth minerals. It is used in electronics, electrical, automobile and other industries. As things escalate between the two countries, financial markets can remain edgy.

Having said that, today, Rupee may appreciate as Yuan has strengthened and Asian equity markets are stabilizing. Dollar Rupee may open around 69.75/80 levels on spot. We are inclined to short USDINR on a spot reference basis, between 69.90/70.00 zone, with an hourly closing stop above 70.10 levels. Target is the 69.50 and 69.40 region. Nevertheless, keep an eye on the Yuan, if it reverses its gains, it can adversely impact the Rupee too.

TECHNICAL VIEW & RUPEE CROSSES:

Intermediate structure reversed to no trend as the pair failed to sustain above the cloud upper band, after having broken out above the key level. Resistances are 70.00/70.10 and support is around 69.65, 69.30/40 zone on spot. EURINR can face further downside pressure and the pair can test 77.40/50 levels. GBPINR faces resistances between 90.00/90.50 zone spot. Sell on rise. JPYINR is well supported closer to 63.00, if that holds, then a bounce towards 64.30/50 can occur. Nevertheless, incase of a valid break below 63.00, it can test 62.00 levels.

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Source: Bloomberg

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