

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	71.32	0.05%	1.6%	10%
EUR/INR	80.99	-0.07%	1.3%	3%
GBP/INR	91.82	0.12%	3.4%	3%
JPY/INR	65.14	0.25%	2.5%	11%
EUR/USD	1.1359	-0.05%	-0.4%	-7%
GBP/USD	1.2876	-0.12%	1.3%	-8%
USD/JPY	109.47	-0.18%	-0.9%	-1%
USD/CNH	6.8145	0.20%	-1.3%	6%
10 YR YIELD- IN	7.31	0.00	0.04	0.02
10 YR YIELD- USA	2.76	(0.03)	(0.03)	0.11
GOLD (\$/Oz)	1,278	-0.2%	1%	-4%
SILVER (\$/Oz)	15.20	-0.5%	3%	-11%
BRENT CRUDE (\$/Brl)	62.23	-0.8%	16%	-10%
COPPER 3M (\$/Ton)	5981	-1.2%	0%	-15%
NIFTY	10906	-0.51%	1.41%	-1%
HANGSENG	26921	-1.01%	4.54%	-17%
S&P 500	2671	1.32%	10.51%	-5%
INR 1M FWD	0.26	(0.01)	0.01	0.01
INR 2M FWD	0.48	(0.00)	(0.00)	0.01
INR 3M FWD	0.75	(0.00)	0.05	0.01
INR 6M FWD	1.46	0.02	0.02	0.04
INR 12M FWD	2.87	(0.01)	0.10	0.10
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(271)	(555)	(555)	(555)
FII INVESTMENT- DEBT (\$ Mn)	155	(193)	(193)	(193)
TOTAL- (\$ Mn)	(116)	(748)	(748)	(748)

CURRENCY	ECONOMIC DATA
GBP	Jobs report
EUR	ZEW Economic Sentiment

INDIA NEWSWIRE

1. According to India Ratings, Loan waiver and other support measures for farmers are expected to raise the aggregate fiscal deficit of States to 3.2 per cent in the current fiscal.
2. RBI is reluctant to relax portfolio-level limits it introduced for foreign portfolio investors last year.

FX VIEW

India Rupee has not paid much attention to the news that The International Monetary Fund cut its forecast for the world economy, predicting it will grow at the weakest pace in three years in 2019 (3.5%) and warning fresh trade tensions would spell further trouble. This is IMF's second downgrade in three months. Global growth is slowing is not a new realisation, almost all the major economies have seen their growth been downgraded over the past few months, including India. Rupee is also ignoring the weakness in US equity index futures, with DOW futures down around 0.7%. Oil is also weaker, down 0.5% after 62 dollars a barrel on Brent. The reason Rupee is seeing some early morning gains could be due to the fact that, yesterday there were media reports of Central Government opting for a comprehensive cash transfer program for farmers, which will absorb all existing farm subsidies and thereby not have much of additional impact on the fiscal deficit. Going into the Union Budget, Indian bond yields and Indian Rupee would show high negative correlation, as traders remain fearful of a breach in the Gross Fiscal Deficit number from projected 3.3% to above 3.5%.

Yesterday US stock markets were closed and hence there are no major overnight cues, except for the fact that Asian markets are now bleeding. Yesterday, Chinese President Xi Jinping stressed the need to maintain political stability in an unusual meeting of China's top leaders -- a fresh sign the ruling party is growing concerned about the social implications of the slowing economy. Even US President took a shot the Chinese after their Q4 2018 GDP slowed to lowest since early 90s. "China posts slowest economic numbers since 1990 due to U.S. trade tensions and new policies," Trump said in a tweet on Monday night in Washington. "Makes so much sense for China to finally do a Real Deal, and stop playing around!". Pressure is rising on China as the Sino-US deadline for the trade talks near. It is in March. A no deal would see market price throw a fit and EM currencies, bonds and currencies would swoon, alongwith CNH. For China, any deal would be harmful to its long standing economic model of demand suppression and export of surplus production. The question then remains, can two leaders find a magical eye wash, which will settle each others political base and also appease the markets. We think the chances of such a deal is slim.

In Brexit, UK PM May said that she will not rule out the possibility of a no-deal Brexit if her deal is not accepted in the Parliament. She added that both a second Referendum and extension of Article 50 beyond Mar 29 is ruled out as of now. She said that the UK government is determined to resolve the backstop issue and get the same passed through UK and EU. Hence, expect volatility to remain high in GBP pairs.

TECHNICAL VIEW:

Technically, tactical bias remains LONG USDINR, as long as the pair holds above 70.80 on spot. Resistance is between 71.50/55 levels on spot and thereafter between 71.90/72.00 levels on spot. Buy on decline with stops on a closing basis on spot reference basis below 70.80.

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Source: Bloomberg

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