

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	71.18	-0.10%	-0.4%	9%
EUR/INR	80.70	-0.12%	-0.5%	1%
GBP/INR	92.73	-0.17%	0.5%	3%
JPY/INR	64.27	-0.03%	-1.6%	6%
EUR/USD	1.1334	-0.02%	-0.2%	-8%
GBP/USD	1.3028	-0.12%	0.6%	-7%
USD/JPY	110.76	0.05%	1.3%	4%
USD/CNH	6.7290	0.08%	-1.3%	6%
10 YR YIELD- IN	7.37	0.02	0.07	(0.37)
10 YR YIELD- USA	2.68	(0.01)	(0.06)	(0.24)
GOLD (\$/Oz)	1,325	0.1%	3%	-1%
SILVER (\$/Oz)	15.83	0.1%	3%	-5%
BRENT CRUDE (\$/Brl)	66.94	-0.2%	9%	1%
COPPER 3M (\$/Ton)	6380	-0.4%	7%	-10%
NIFTY	10790	0.00%	-1.21%	4%
HANGSENG	28558	-0.25%	5.75%	-8%
S&P 500	2775	-0.35%	5.39%	3%
INR 1M FWD	0.24	(0.00)	(0.01)	0.01
INR 2M FWD	0.52	0.00	0.05	0.01
INR 3M FWD	0.78	0.00	0.03	0.03
INR 6M FWD	1.46	(0.01)	(0.01)	0.10
INR 12M FWD	2.88	(0.01)	(0.03)	0.25
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	180	164	89	89
FII INVESTMENT- DEBT (\$ Mn)	(234)	(343)	(711)	(711)
TOTAL- (\$ Mn)	(54)	(179)	(622)	(622)

CURRENCY	ECONOMIC DATA
EUR	German Ifo Business Climate

WORLD NEWSWIRE

1. New home price growth in China decelerated for a third straight month. The value of new homes, excluding government-subsidized housing, increased 0.61 percent on average in January from December in 70 major cities tracked by the government.

FX VIEW

Overnight US stock markets suffered losses, of a little less than 0.5% across the three major indices. Weak economic data from US did not help the risk sentiments. USD, which dropped sharply against majors and EM FX during the Asian and EU session yesterday, recouped all of the losses as the US session came to a close. USDCNH reversed sharply from 6.69 to 6.73. The pair is one of the important barometers we used in our inter-market template for the Rupee. As long as the Yuan appreciates, it become a major tailwind for the Rupee. Therefore, a resemblance of a bottoming formation in USDCNH below 6.70 levels is a positive development for USDINR.

Oil prices are hovering around 67.00 handle on the Brent grade. As long as there is no major risk aversion in the financial markets, oil may continue to inch higher. Supply imbalances are getting corrected after the 1.2 million barrels per day of production cut from OPEC+ in January of this year. At the same time, turmoil in Venezuela can affect output of oil. At least the narrative has changed from last year's one of "supply glut" to one of a "balanced market". This means that the positive correlation between oil prices and US stock market would remain tight.

On economic front there were some positive news from the Indian economy. CriSidEx: The MSE sentiment index, which measures their outlook over their business for the Micro and small enterprises in India, rose to the highest level since inception of the index. The improvement in the index over the previous quarter was on account of an improvement "in the order book size and employee base for manufacturing MSEs and an increase in profit after tax margin and employee base for services MSEs. This could be a sign that after the twin disruption from Demo-GST, MSE sector is coming back to life. It is also a positive development for the job creation in the economy.

On the global front, Eurozone economic data was mixed but US economic data was quite horrendous. Eurozone composite PMI index increased for the first time in 6 months. The improvement was driven primarily by the service sectors in France and Germany. From US, manufacturing activity in the Philadelphia region contracted for the first time since May 2016, durable goods rose less than expected and existing home sales fell -1.2% against a forecasted rise of 0.2%. Even US manufacturing PMI for February fell to the lowest level in 17 months. However, neither Euro could take any benefit from the PMI flashes, nor USD lost much nerve on the weak economic print

TECHNICAL VIEW:

Today, USDINR may remain well supported between 70.80/71.00 levels on spot. NDF is showing a probable open around 71.20 on spot. There are reports of dollar outflows occurring on account of Bharat-22 ETF and ING selling its stake in Kotak Bank. We would be buyers in USDINR around 71.00 levels with stops below 70.80 on an hourly closing basis. Support 70.80/71.00 and then 70.40/50 levels. Resistance around 71.25/30 and 71.40/50 on spot. Larger structure is of a triangular consolidation within a primary uptrend. Breakout from the formation may occur if the pair trades above 72.00 levels. Nevertheless, the upward bias would be impaired if USDINR were to trade below 70.00 handle.

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



Source: Bloomberg

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