

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	68.61	-0.33%	-3.7%	5%
EUR/INR	78.06	-0.08%	-3.3%	-3%
GBP/INR	90.15	-0.14%	-2.7%	-2%
JPY/INR	61.93	-0.32%	-3.8%	1%
EUR/USD	1.1375	0.01%	0.4%	-8%
GBP/USD	1.3139	0.24%	0.7%	-7%
USD/JPY	110.77	-0.05%	0.1%	5%
USD/CNH	6.7064	-0.01%	0.0%	5%
10 YR YIELD- IN	7.33	(0.03)	(0.09)	(0.23)
10 YR YIELD- USA	2.53	(0.01)	(0.12)	(0.30)
GOLD (\$/Oz)	1,309	0.0%	-2%	-2%
SILVER (\$/Oz)	15.48	0.1%	-3%	-6%
BRENT CRUDE (\$/Brl)	67.75	-0.2%	1%	-2%
COPPER 3M (\$/Ton)	6421	-0.6%	1%	-5%
NIFTY	11566	0.39%	7.20%	14%
HANGSENG	28914	-0.54%	0.34%	-7%
S&P 500	2855	1.09%	2.23%	8%
INR 1M FWD	0.27	(0.00)	0.03	(0.03)
INR 2M FWD	0.50	(0.01)	(0.02)	(0.04)
INR 3M FWD	0.71	0.00	(0.06)	(0.02)
INR 6M FWD	1.30	(0.01)	(0.18)	(0.02)
INR 12M FWD	2.44	0.01	(0.45)	(0.04)
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	319	3,620	5,915	5,915
FII INVESTMENT- DEBT (\$ Mn)	387	1,778	126	126
TOTAL- (\$ Mn)	706	5,398	6,041	6,041

CURRENCY	ECONOMIC DATA
EUR	German Flash Manufacturing & Services PMI
EUR	Flash Manufacturing & Services PMI

INDIA NEWSWIRE

1. According to payroll data, released by the EPFO for gauging jobs in the formal sector, January 2019 saw the highest number of jobs being generated since the data from September 2017.

WORLD NEWSWIRE

1. US president Donald Trump has warned that US tariffs on \$250 billion of Chinese exports are unlikely to go away anytime soon — even if the two countries reach a deal to end their trade war.

FX VIEW

Offshore traders got to trade a wild swing in the USDINR forwards and futures yesterday, post US FOMC's dovish policy. USDINR spot reference declined from 68.90 to all the way down to 68.30 before rebounding back to 68.90 and now trading around 68.68 levels. Nevertheless, onshore spot closed around 68.83 on Wednesday, therefore, an open around 68.68, would tantamount of a gap down of 15 paise.

Domestic theme is getting more political by the day, as elections are about to begin. A celebration of democracy. Economic data will continue to have little sway on Rupee and Rupee assets as attention turn to whether NaMo can retain his grip on power or not? Post Balakot, political mood has swung by a big margin. Rupee can continue to capitalise on that mood and outperform its peers.

Having said that, we cannot ignore the global backdrop. US FOMC has almost thrown in the towel on policy tightening by spelling out no hikes for 2019 and just one in 2020. Although Fed has changed its stance from dovish to hawkish and vice versa and may do so if the economy and financial markets warrants so. However, with the US yield curve beginning to invert (short term yields driven by Fed policy outperform the long term yields, driven by market expectation of growth, demand-supply and inflation) and that is a dangerous signal for the economy. We see the yield curve inversion as a signal that global economic slowdown (China + EM and Europe) adversely impacting US, than the other way around. Trade war is far from over and the two fronts, EU-US and China-US is still very much a hot zone. US President has hinted that tariffs on Chinese goods will remain in place till China complies with the trade agreements.

Apart from Fed, Brexit is another area of concern for traders and businesses. EU has agreed on an extension by with conditionality. If UK lawmakers can pass the existing Brexit agreement, then EU will allow UK time to May 22nd to complete its withdrawal process. However, if the deal is rejected then UK has time till April 12th. In a way EU is applying pressure on UK saying that, extension on exit date is agreeable for you to set your house in order, not on terms of exit. There is a another possibility, that if UK fails to break the deadlock by 12th April, then they may have to participate in the EU elections which can delay the Brexit process indefinitely and compel UK to be subjected to EU rules for a long time. GBPUSD would continue to swing wildly. We remain a buyer closer to 1.30 with stops placed below 1.2950.

TECHNICAL VIEW:

USDINR remains in an intermediate downtrend with clear lower tops and lower lows on chart. USDINR is a sell on rise close to 69.00/69.20 zone with stops above 69.60. Support between 68.30/40 levels and 67.80/90 levels.

*** CHART ON NEXT PAGE***



After a strong intermediate downtrend, yields are going sideways in a triangular consolidation. Prices are holding below cloud. Path of least resistance is downward. Once the downtrend resumes, yields can test a cluster support between 7.05/7.11, (trendline support + 61.8% retracement support of the 2017/18 rally in yields + 2018 lows). Therefore, buy on decline is advisable on long bonds.

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