

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	73.76	0.27%	1.5%	12%
EUR/INR	84.48	-0.09%	-1.1%	10%
GBP/INR	95.61	-0.19%	0.2%	10%
JPY/INR	65.53	0.70%	1.7%	13%
EUR/USD	1.1454	-0.09%	-2.5%	-3%
GBP/USD	1.2962	-0.01%	-1.2%	-2%
USD/JPY	112.57	-0.22%	-0.2%	-1%
USD/CNH	6.9470	0.14%	1.1%	4%
10 YR YIELD- IN	7.94	0.01	(0.14)	1.14
10 YR YIELD- USA	3.18	(0.02)	0.11	0.81
GOLD (\$/Oz)	1,224	0.1%	2%	-5%
SILVER (\$/Oz)	14.55	-0.1%	2%	-15%
BRENT CRUDE (\$/Brl)	79.56	-0.3%	1%	39%
COPPER 3M (\$/Ton)	6242	0.4%	-2%	-10%
NIFTY	10167	-0.77%	-8.76%	0%
HANGSENG	25556	-2.28%	-8.58%	-10%
S&P 500	2756	-0.43%	-5.93%	7%
INR 1M FWD	0.31	(0.01)	0.03	0.05
INR 2M FWD	0.56	0.00	(0.00)	0.08
INR 3M FWD	0.78	0.00	(0.06)	0.08
INR 6M FWD	1.62	0.02	0.02	0.19
INR 12M FWD	3.14	0.02	(0.12)	0.38
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>CTD</b>
FII INVESTMENT- EQ (\$ Mn)	(90)	(2,547)	(2,547)	(4,553)
FII INVESTMENT- DEBT (\$ Mn)	(20)	(1,576)	(1,576)	(8,686)
TOTAL- (\$ Mn)	(110)	(4,123)	(4,123)	(13,238)

CURRENCY	ECONOMIC DATA
GBP	BOE Gov Carney Speaks

#### INDIA NEWSWIRE

- There are media reports that the finance ministry may make a case for relaxing the so-called prompt corrective action framework of RBI today, when the regulator's board meets. As many as 11 of the 21 public-sector banks are on the RBI's watch list for strained finances, two of which — Dena Bank & Allahabad Bank — face restriction on lending. These banks make up for 30% of deposits & 29% of advances of all the 21 PSBs.

#### WORLD NEWSWIRE

- In a letter sent to the EU Monday, Italian finance minister Tria said he wants "constructive" talks with the EU but coalition leaders have shown little willingness to compromise aside from pushing some spending plans a year out.

#### FX VIEW

A v-shaped recovery occurred in USDINR yesterday. During the Asian session, long liquidation from large specs and some bit of selling from exporters brought the pair lower, towards 73.19 on spot. However, the rally in INR did not last long enough, as weakness in equities over concern over NBFCs caused Rupee to sell-off. USDINR closed at the high point of the day around 73.56 on spot. It was not just weakness in equity which caused the sell-off in Rupee but also rally in Dollar against the majors like Euro and GBP. Former was plagued by Italian woes and later by Brexit.

Locally the liquidity squeeze in the NBFC is gradually morphing into something significant. There are concerns over the asset quality in the sector as the sector has grown too much too fast. The deluge on household and corporate savings away from real estate into the financial sector over the past few years has enabled the shadow banking system to grow significantly. NBFC's are dependent on wholesale funding and hence it is critical that asset quality issues should not become a serious problem for them, because, if it does, it can cause an exodus of funding, which can not only impact future growth but also impact the solvency of a few. A credit crises, small or large is never good for the economy and hence not good news for the currency. We need to keep a close watch on it.

There are no major economic data release scheduled for today. USDINR is expected to open higher around 73.72 on spot from 73.56 close yesterday. If the weakness in domestic equity markets continue, as SGX Nifty is suggesting, then it can pull USDINR towards 74.00/74.10 levels on spot. On Euro, keep an eye on the Italian bond yields which have begun widening. On GBP keep an eye on Brexit related headlines.

#### TECHNICAL VIEW & RUPEE CROSSES:

Primary trend in USDINR remains upward. For the day, buy on dips with stops below 73.40 on spot. If the pair manages to trade above 74.10 and sustain, it can aim for all time high of 74.50 on spot. On majors, EURINR has held the support around 83.90 on spot, currently at 84.40 levels. We would look to buy EURINR going into ECB on Thursday, as market remains short on Euro due to weak growth momentum in Euro zone, but if ECB chooses to focus on inflation and ignore growth, EURINR can rally towards 86.00 levels. Maintain stops below 83.50 on spot a reference. On JPYINR, we remain bullish, we expect the pair to move towards 70.00 levels eventually. Our bullish view is negated if the pair starts to trade below 63.50 on spot.

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