

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	71.24	-0.13%	1.5%	11%
EUR/INR	81.13	0.06%	1.4%	3%
GBP/INR	93.13	0.23%	4.7%	4%
JPY/INR	65.04	-0.06%	2.4%	11%
EUR/USD	1.1388	0.06%	-0.2%	-8%
GBP/USD	1.3073	0.03%	2.9%	-8%
USD/JPY	109.53	-0.06%	-0.8%	0%
USD/CNH	6.7964	0.04%	-1.6%	7%
10 YR YIELD- IN	7.29	(0.01)	0.02	0.04
10 YR YIELD- USA	2.74	0.00	0.00	0.10
GOLD (\$/Oz)	1,283	0.0%	1%	-6%
SILVER (\$/Oz)	15.35	-0.1%	4%	-13%
BRENT CRUDE (\$/Brl)	60.92	-0.4%	21%	-14%
COPPER 3M (\$/Ton)	5952	0.3%	-1%	-14%
NIFTY	10827	-0.04%	1.53%	-2%
HANGSENG	27049	0.15%	5.45%	-18%
S&P 500	2639	0.22%	12.23%	-7%
INR 1M FWD	0.24	(0.01)	(0.01)	0.01
INR 2M FWD	0.46	0.00	(0.02)	0.02
INR 3M FWD	0.76	0.02	0.06	0.04
INR 6M FWD	1.49	0.02	0.04	0.05
INR 12M FWD	2.93	0.02	0.16	0.18
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>CTD</b>
FII INVESTMENT- EQ (\$ Mn)	63	(373)	(373)	(373)
FII INVESTMENT- DEBT (\$ Mn)	(14)	(357)	(357)	(357)
TOTAL- (\$ Mn)	49	(729)	(729)	(729)

CURRENCY	ECONOMIC DATA
EUR	Flash PMI
GBP	ECB Press Conference

#### INDIA NEWSWIRE

- The registration of two-wheelers, an indicator of actual demand, was down 7 per cent in the first 20 days of January compared to the same period a year ago. Dealers attribute the sluggishness in sales to distress in rural India as well as tepid sentiment in urban markets.

#### FX VIEW

Interim budget to be presented by the interim finance minister, Piyush Goyal. We do not expect much of an impact on this news, as Mr Goyal was the interim finance minister, not so long time back. Moreover, interim Budgets are not given so much importance as a full budget. However, Mr. Jaitley has said that GoI would approach this Budget like a full budget and propose policy changes as well. There are media reports that GoI may seek transfer of surplus reserves from regulators like SEBI, PFRDA, IRDA etc to augment its non tax revenues. Whether that will be done for FY18 or not that needs to be seen. Bond traders are going to keep an eye on the GFD for the current financial year, how big is the deviation from target and also the borrowing number for next year. This being the final budget and question mark over the continuity of the current government, GoI has to present numbers which sound credible or else, yield curve can bear steepen as the long term yields harden.

Overnight, US yo-yoed as market await the opening of the US government from ongoing shutdown. Yesterday, Mr. Trump said he plans to go ahead with delivering his State of Union Address next week but House Speaker Nancy Pelosi refused to allow him to deliver the speech from the House chamber (its usual venue) while the government is in shut down. It shows that the tensions between the Republicans and Democrats are intensifying. This can stall many legislative measures of the current administration, where they need the approval of US Congress, where Dems have a majority. Such a development is negative for the Dollar. However, such a template can also push Trump to focus on areas where he can still score brownie and does not need the approval of Congress, like, Trade. With still 2 years to go for his re-election bid, and China on the back foot, Trump can go for the kill. For a deal to happen, both the countries have to compromise, more for China and less for US. Instead, US may choose to dial up belligerence and push China to the wall. This can risk a fresh round of global market turmoil but it can also compel China to agree on US terms.

In UK, Brexit drama continued. Trader seem to bet on UK MPs either approving the May-EU deal or look for a second referendum. With "no-deal" Brexit off the table, GBP continue to skim off the Brexit risk premium. We are long on GBP and would look to add more on decline.

In Euro, ECB meeting the event to watch tonight. Focus will be on rhetoric of Mr. Draghi and whether he chooses to focus on slowing economy or whether he chooses to ignore it, like last time. Incase of former, Euro can decline towards 1.12 but incase of latter, it can aim for 1.15. We are long EuroUSD.

#### TECHNICAL VIEW:

USDINR remains a buy on decline as long as above 70.90 on spot. Resistance 71.40 and then 71.50/55 on spot. We expect a narrow range going into Budget. GBPUSD faces strong resistance around 1.3125/30 levels. Hence, wait for a pullback towards 1.2960/90 zone before attempting longs. EURUSD has strong support between 1.1350/70 zone. Buying on decline is advisable, with stop and reverse below 1.1340 levels. Resistance is around 1.1420 and 1.1450 levels. EURGBP too nearing a strong support zone between 0.8650/0.8680, we would look to buy around that zone.

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Source: Bloomberg

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