

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.07	0.18%	-0.4%	0%
EUR/INR	76.97	-0.15%	-2.7%	-5%
GBP/INR	85.85	-0.16%	-3.0%	-5%
JPY/INR	63.79	0.14%	-1.4%	3%
EUR/USD	1.1145	-0.06%	-2.2%	-5%
GBP/USD	1.2430	-0.08%	-2.5%	-5%
USD/JPY	108.18	-0.05%	0.8%	-3%
USD/CNH	6.8839	-0.01%	0.1%	1%
10 YR YIELD- IN	6.48	0.01	(0.38)	(1.31)
10 YR YIELD- USA	2.07	(0.01)	0.06	(0.88)
GOLD (\$/Oz)	1,421	0.2%	0%	16%
SILVER (\$/Oz)	16.46	0.3%	7%	6%
BRENT CRUDE (\$/Brl)	63.96	0.2%	-1%	-13%
COPPER 3M (\$/Ton)	5968	-0.8%	0%	-3%
NIFTY	11322	-0.08%	-3.22%	2%
HANGSENG	28704	0.83%	0.67%	0%
S&P 500	3005	0.68%	2.04%	7%
INR 1M FWD	0.24	(0.01)	(0.07)	(0.01)
INR 2M FWD	0.45	0.00	(0.14)	(0.05)
INR 3M FWD	0.71	0.02	(0.14)	(0.04)
INR 6M FWD	1.47	0.01	(0.19)	(0.02)
INR 12M FWD	3.06	0.02	(0.22)	0.10
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(280)	(1,475)	(1,475)	9,864
FII INVESTMENT- DEBT (\$ Mn)	(77)	1,122	1,122	2,550
TOTAL- (\$ Mn)	(356)	(353)	(353)	12,414

CURRENCY	ECONOMIC DATA
EUR	Eurozone flash PMI
USD	Flash Manufacturing PMI

FX VIEW

Overnight US stock markets rejoiced news of Sino-US trade talks as early as next week as and better than corporate earnings helped. US stocks jumped nearly a percent. Crude oil too inched higher on the back of drop in US inventories and continuing tensions between Iran and US. Brent crude is now quoting just above 64 handle. Dollar has gained ground against Euro, GBP and JPY. Weakness in majors and rebound in oil prices may take a toll on INR at the open. NDF is quoting an open higher in USDINR, around 69.09 levels on spot reference. Weakness in local equities and concerns over the economy are additional headwinds for the Rupee. FPI flows for the month has turned net negative, as outflows from equity overshadow the inflow in debt. Question remains, will the headwinds tilt the scale in favour of Dollar bulls for the near term and cause a spike in USDINR? We too are waiting for clarity, till then, we would rely solely on technical signals to trade USDINR derivatives.

In news, GOI has introduced two labour codes - the Code on Wages and the Code on Occupational Safety, Health and Working Conditions - in the Lok Sabha. The Bills, if passed, are expected to benefit about 50 crore workers. A clear sign that government is looking to reform the labour laws, one of the two untouched areas during the first term. The other one being, land reforms. Simplified laws in market for factors of production: land, labour and capital are much needed steps for the nation to benefit from the demographic dividend. In other news, the IMF lowered the growth estimate for India by 30 basis points for the current as well as the next financial year. India's economy is set to grow at 7 per cent in 2019, picking up to 7.2 per cent in 2020. The downward revision reflects a weaker-than-expected outlook for domestic demand. However, a slowing economy is not something which will surprise financial markets in India, as it is well known fact. Slowdown in demand and the unfolding credit crises in the shadow banking sector has brought about a steep correction in domestic equity market.

Globally focus was on UK, where Boris Johnson has been confirmed as the new leader of the Conservative Party, and will inherit the position of Prime Minister as a result. After the confirmation, European Union's Chief Negotiator, Michel Barnier said that "We look forward to working constructively with PM Boris Johnson when he takes office, to facilitate the ratification of the Withdrawal Agreement and achieve an orderly Brexit. We are ready also to rework the agreed Declaration on a new partnership in line with European Council guidelines," This helped GBP recover a bit but was sold into during the NY session as Greenback continued to attract bids.

TECHNICAL VIEW & RUPEE CROSSES:

Primary downtrend is intact in USDINR. Short term trend is sideways. USDINR face resistance around 69.10/20 levels on spot, which if conquered can open doors for a move towards 69.50/60 zone on spot. The pair needs to break below 68.90 sustainably to negate the near term bullish momentum. Intra-day shorts on USDINR can be done between 69.10/20 zone on spot, but we would advise covering those shorts if the pair trades above 69.20 and sustains. Above 69.20, one can revere to long USD with stop below 69.00 on spot and aim for 69.40/50 zone. For the past few days, the intra-day range has become shallow, which can be sign of consolidation, which augurs well for the Dollar bulls.

In Rupee crosses, EURINR has bounced from a key support zone below 77.00 levels on spot. We would wait for the pair to rise towards 78.25/78.50 zone on spot to short again. On GBPINR, we would wait for the pair to bounce towards 87.00 to enter fresh shorts with stop above 87.50 on a closing basis. On JPYINR, we are bullish as long as above 63.00 on spot.

*** CHART ON NEXT PAGE ***



Source: Bloomberg

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Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +22 67132430. Website: www.kotak.com / www.kotaksecurities.com. Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: INZ000200137(Member of NSE, BSE, MSE, MCX & NCDEX), Member Id: NSE-08081; BSE-673; MSE-1024; MCX-56285; NCDEX-1262.AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97.

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