

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	72.21	-0.24%	3.3%	10%
EUR/INR	84.98	0.50%	5.3%	9%
GBP/INR	95.27	-0.66%	5.9%	8%
JPY/INR	64.13	0.12%	2.0%	9%
EUR/USD	1.1739	-0.09%	1.0%	-1%
GBP/USD	1.3075	0.02%	1.8%	-3%
USD/JPY	112.59	0.00%	1.2%	1%
USD/CNH	6.8664	0.25%	0.9%	4%
10 YR YIELD- IN	8.08	0.01	0.25	1.40
10 YR YIELD- USA	3.06	0.00	0.23	0.79
GOLD (\$/Oz)	1,196	-0.3%	-1%	-9%
SILVER (\$/Oz)	14.20	-0.7%	-4%	-17%
BRENT CRUDE (\$/Brl)	79.77	1.2%	5%	40%
COPPER 3M (\$/Ton)	6363	4.6%	5%	-1%
NIFTY	11143	-0.81%	-3.58%	12%
HANGSENG	27606	-1.24%	-0.24%	-1%
S&P 500	2930	-0.04%	1.91%	17%
INR 1M FWD	0.28	(0.00)	0.01	0.04
INR 2M FWD	0.57	0.00	0.04	0.10
INR 3M FWD	0.84	(0.00)	0.05	0.15
INR 6M FWD	1.60	(0.03)	0.08	0.26
INR 12M FWD	3.20	(0.03)	0.19	0.50
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(301)	(533)	(603)	(1,225)
FII INVESTMENT- DEBT (\$ Mn)	(282)	(1,140)	(680)	(6,789)
TOTAL- (\$ Mn)	(583)	(1,673)	(1,283)	(8,014)

CURRENCY	ECONOMIC EVENT
GBP	CBI Industrial Order Expectations

INDIA NEWSWIRE

- The Reserve Bank of India has called the shareholders of Infrastructure Leasing and Financial Services for a meeting this week. At the same time, The Reserve Bank Sunday said that it along with Sebi is "closely monitoring" recent developments in financial markets and "ready" to take actions, if necessary.

WORLD NEWSWIRE

- Scottish judges have asked the European Union's highest court to urgently consider whether the Article 50 notification, which formally triggered the UK withdrawal process, can "unilaterally be revoked".

FX VIEW

Friday scare in Rupee came from the credit markets and equity market. In India, credit shockwaves are not common phenomenon, so when the talk of debt paper of a leading NBFC being sold below par hit the wires, equity tanked. Domestic money market is jittery after the serial defaults from IL&FS and its subsidiaries. However, RBI and SEBI has assured investors that they stand ready to take action as and when required. Post Lehman, central banks and regulators are quite quick to respond to any signs of stress in money/fx markets. Hence, we do not expect the IL&FS default to be allowed to become a trigger for a bigger panic in the credit markets. If that be the case, then we can see domestic equity prices rebound in the coming week, led by financial stocks. This may help the Rupee to gain ground against Dollar. However, having said that, with oil prices dancing around 80 on Brent and EM risk aversion still not off the table, we view the upside in INR as limited. Foreign fund flow would remain limited into both debt and equity and Indian banking system, on account of next year's election risk, elevated valuation premium of Indian equity relative to EM equity, high oil prices and rising rates in developed markets due to fading central bank liquidity. For us to become tactically bullish on Rupee, either the macro trade around EMFX has to reverse from bearish to bullish or RBI has to announce interventions like NRI bond issuances.

In global markets, traders will keep a close eye on the GBP after the talks between EU and UK has fallen apart. There are rumours that UK PM may call a snap election in November to shore up her own position and to deliver her desired Brexit plan. Any such developments will be negative for GBP and can cause GBP to depreciate against all currencies including the Rupee. Though we remain tactically bullish on GBP against INR and target a return to 100. But much of that depends on Brexit talks going smoothly. In case of a low probability scenario of a hard Brexit, downside to GBP can be considerable. From GBP to Euro, traders who are looking for positional bets can look to own the Euro against the Rupee on decline. Though Italian politics remains concern for Euro but weakness in INR against USD can be much more than Euro against USD. Technically, EURUSD is showing signs of a structural bottom between 1.14/1.15. Therefore, we expect EURINR to be a buy on decline closer to 84.00 levels on spot for a target of 90.00/92.00 levels over the next 3/4 months. Stop loss would be below 82.00 levels.

TECHNICAL VIEW & RUPEE CROSSES:

Technically, USDINR remains in an uptrend. However, near term pullback cannot be ruled out. For the week we would remain buyers between 71.40/70 zone on spot with stops on a closing basis below 71.40, TP 73.00/73.50. On JPYINR we remain bullish but currently the pair is struggling to clear 65.50 on spot. JPYINR is a INR proxy on EM/India risk trade. We would look to enter longs on a decline towards 63.00 levels on spot. Once the EM risk aversion trade makes a comeback, JPYINR pair can be a major beneficiary.

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