

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	71.05	-0.12%	-0.2%	9%
EUR/INR	80.59	-0.10%	-0.2%	1%
GBP/INR	92.86	0.26%	-0.4%	2%
JPY/INR	64.23	-0.06%	-1.2%	5%
EUR/USD	1.1342	0.06%	-0.6%	-8%
GBP/USD	1.3069	0.12%	-1.0%	-6%
USD/JPY	110.65	-0.04%	1.0%	3%
USD/CNH	6.6875	-0.33%	-1.0%	6%
10 YR YIELD- IN	7.40	(0.02)	0.07	(0.27)
10 YR YIELD- USA	2.66	0.00	(0.10)	(0.21)
GOLD (\$/Oz)	1,331	0.1%	2%	0%
SILVER (\$/Oz)	15.97	0.3%	1%	-4%
BRENT CRUDE (\$/Brl)	66.91	-0.3%	9%	-1%
COPPER 3M (\$/Ton)	6478	1.5%	9%	-10%
NIFTY	10804	0.12%	0.22%	3%
HANGSENG	28892	0.26%	4.80%	-8%
S&P 500	2793	0.64%	4.80%	2%
INR 1M FWD	0.24	(0.00)	(0.01)	0.01
INR 2M FWD	0.52	0.00	0.06	0.02
INR 3M FWD	0.77	(0.00)	0.02	0.03
INR 6M FWD	1.48	0.00	0.00	0.11
INR 12M FWD	2.89	(0.01)	(0.03)	0.25
		1 DAY	MTD	QTD
FII INVESTMENT- EQ (\$ Mn)	(47)	117	41	41
FII INVESTMENT- DEBT (\$ Mn)	103	(240)	(607)	(607)
TOTAL- (\$ Mn)	56	(123)	(566)	(566)

CURRENCY	ECONOMIC DATA
GBP	BOE Gov Carney Speaks

INDIA NEWSWIRE

1. The GST Council at its meeting here on Sunday reduced the GST rate on under-construction houses. For flats priced more than Rs 45 lakh, the new GST rate applicable from April 1, 2019, stands at 5%, against 12% currently. The Council also cut GST rates on affordable housing to 1%, from the current 8%.
2. India will not join the talks on e-commerce at the World Trade Organization, with New Delhi pushing the draft e-commerce policy back home.

FX VIEW

The big news Monday morning are the tweets from US President, Donald Trump. According to the tweets, United States is going to delay a menu of additional Chinese tariffs that were scheduled to begin on March 1. United States and China are also discussing a late March meeting between Trump and Chinese President Xi Jinping in Florida. According to US President, progress have been made on intellectual property, technology, agriculture and currency policy. Asian equity markets are cheering the headlines, as major indices are up between 1-2% and USDCNH is trading at 6.68, lowest level since July 2018. USDINR too showing an possible open level below 71.00 handle. Even crude oil futures on ICE are trading above 67.00 on the front month on Brent grade. Risk on mood means Rupee will be supported. However, how far the currency can benefit depends how less aggressive RBI dollar buying will be and also how eager specs will be chasing USDINR below 71.00 with oil above 67.00.

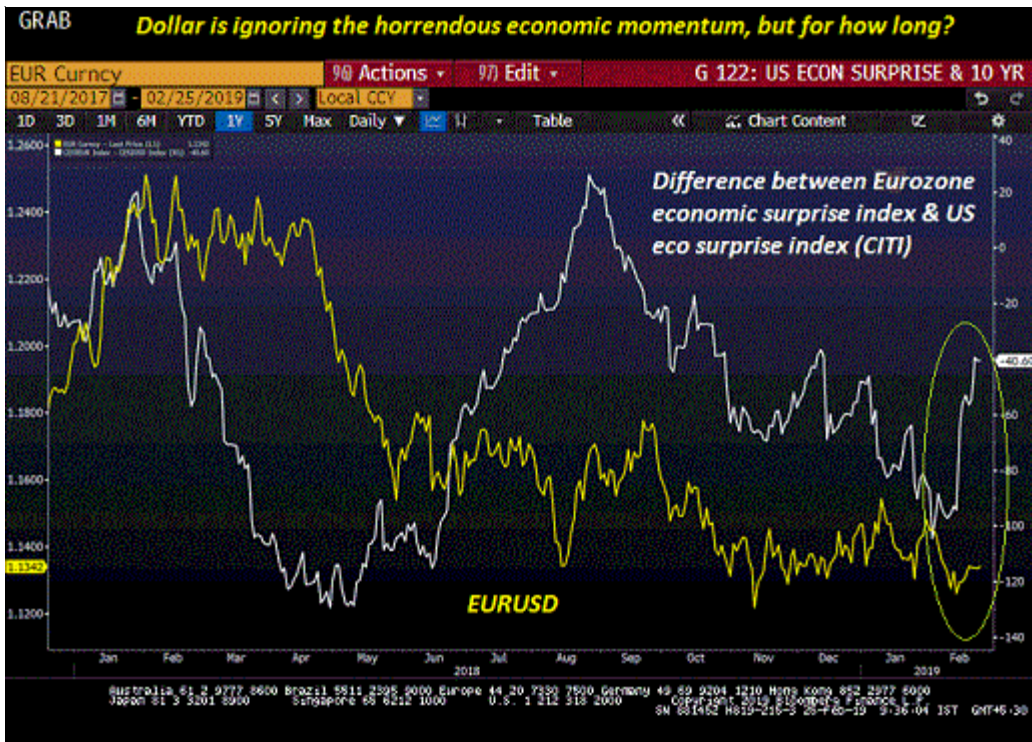
Over this week, we need to keep a close eye on Brexit negotiations. UK Attorney General Geoffrey Cox could work out something with the EU to legally assure that Irish backstop would be temporary if triggered. At the same time, according to British media reports, UK PM Ms.May has told journalists on Sunday that she intends to hold a meaningful vote on the deal by March 12, just 17 days before Brexit. If PM May is able to muster enough votes with help of UK AG, then the new bill can pass and UK would then enter the final stage to prepare for an orderly Brexit. However, if May fails to get compromises from EU on Irish Backstop before mid-March, then UK Parliament can control of the process. In such a case, it is very likely that the UK parliament would then seek Article 50 extension. In either, case probability of a no deal Brexit remains low and hence, there is scope for GBP to rally further. Hence, we would remain buyers on GBP against USD and even INR. On GBPUUSD we would look to accumulate between 1.29/1.2950 with stop below 1.2850 on a daily closing basis. We would look for an eventual move towards 1.33/1.35 levels.

Apart from GBP, USD too has to contend with several high profile data releases. From US, ISM Manufacturing, the PCE inflation gauge and annualised GDP are scheduled for release. There is also, the testimony of the Fed chief Jerome Powell, to the Senate economic committee. Annualised GDP, or yearly growth, is expected to have slowed down to only 2.4% from 3.4%. PCE is expected to slow to 1.7% y/y in December from 1.8% previously. ISM manufacturing too is expected to fall to 55.9 in Feb from 56.6 in Jan. All in all, soft economic data flow is expected to continue from US which can undermine the US Dollar.

TECHNICAL VIEW:

USDINR can test 70.80/90 support zone, which if broken convincingly, then can expose 70.40/50 levels on spot. Nevertheless, if the pair holds above 70.80, then we would look to buy for a recovery towards 71.30/40 levels on spot. On GBPINR we would remain buyers on dip, with final stop below 90.80, last swing low.

****CHART ON NEXT PAGE****



Source: Bloomberg



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