

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	73.36	0.27%	0.9%	12%
EUR/INR	83.69	0.36%	-2.3%	9%
GBP/INR	94.54	0.09%	-1.2%	9%
JPY/INR	65.44	0.63%	1.6%	13%
EUR/USD	1.1410	0.16%	-3.0%	-3%
GBP/USD	1.2888	0.05%	-2.2%	-3%
USD/JPY	112.10	-0.14%	-0.8%	-1%
USD/CNH	6.9490	0.07%	1.2%	4%
10 YR YIELD- IN	7.87	(0.01)	(0.26)	1.06
10 YR YIELD- USA	3.11	0.01	0.01	0.68
GOLD (\$/Oz)	1,237	0.3%	3%	-3%
SILVER (\$/Oz)	14.75	0.4%	2%	-13%
BRENT CRUDE (\$/Brl)	75.69	-0.6%	-8%	30%
COPPER 3M (\$/Ton)	6179	-0.3%	-3%	-12%
NIFTY	10149	-0.74%	-8.30%	-1%
HANGSENG	24813	-1.73%	-9.77%	-12%
S&P 500	2656	-3.09%	-8.90%	4%
INR 1M FWD	0.29	(0.02)	0.01	0.04
INR 2M FWD	0.56	0.00	(0.01)	0.09
INR 3M FWD	0.78	(0.00)	(0.06)	0.06
INR 6M FWD	1.60	(0.02)	0.00	0.17
INR 12M FWD	3.14	(0.01)	(0.12)	0.37
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>CTD</b>
FII INVESTMENT- EQ (\$ Mn)	(14)	(2,621)	(2,621)	(4,627)
FII INVESTMENT- DEBT (\$ Mn)	(230)	(1,916)	(1,916)	(9,025)
TOTAL- (\$ Mn)	(243)	(4,537)	(4,537)	(13,652)

CURRENCY	ECONOMIC DATA
EUR	ECB policy
USD	Durable Goods Orders

### INDIA NEWSWIRE

1. Domestic airlines flew 1.14 crore passengers in September, registering a growth of 19 per cent.
2. Govt to set up adjudicating authority for speedy disposal of benami cases.

### FX VIEW

Yesterday, when Rupee shut shop in the onshore market, risk assets were mostly flat. Dollar Rupee closed at nearly the low point of the day around 73.15 on spot, after making a low of 73.09. Global mood changed dramatically overnight, as US stocks fell between 2%-4% and the bleed continues in Asia as well. SGX Nifty is showing a cut of 100 points at the open, not far from yesterday's low. Today is an expiry day in the local equity bourses and there are days when risk aversions on expiry days have triggered big sell-offs as put option sellers run for cover. Technically, trading below the 2016-18 bull market line, like S&P500. Yesterday, S&P500 finally collapsed after dangling below the bull trend line for a few days. If Nifty does the same, it can be bearish for the Rupee. We need to keep a close eye on the Intermarket landscape.

Oil attempt at bouncing from 75.00, failed as sellers emerged above 77.00 and brought it down below 76.00 once more. Risk aversion is weighing on industrial commodities as liquidity squeeze in Chinese financial system coupled with now falling stock market in US are a bearish combo. Lower oil is positive development for Rupee, as it keeps the reflexive short sellers at bay. However, as long as the risk aversion persists, flow of funds will not allow speculators to consider tactical longs bets on Rupee. Lack of appetite for longs but also low fresh bets on shorts may prevent a trend in the USDINR pair.

RBI has denied request from government to relax the PCA framework and also open a special discount window for NBFCs. We need to keep an eye on the developments in the India's shadow banking sector. History has taught us that whenever there is too fast growth in short span of time and that involves shadow banking and real estate, there is clear danger of risk being mispriced. When the party unravels, there is always an attempt to sweep the problem under the carpet by saying that it is a "liquidity problem" and not a "solvency issue". We hope that the solvency problem is contained and the bigger issue is just good guys being trapped for a while with panicky investors. However, last time we checked, "hope" is not a sound strategy.

In majors, Euro area PMI finally broke the back of Euro as German PMI, both manufacturing and services flash print for September came way below expectation. Euro tumbled but GBP fell harder as Brexit uncertainty continues. EURGBP can be a tactical long with stop below 87.00 handle. US economic data was a poor show with PMI coming in weak and housing sector continues to weaken sharply. How long before Fed pays attention to slow-down in US housing?. However, as of now, a weak US economic data is more negative for US stock market, than for USD. However, all was not lost, as US Beige book economic survey sounded upbeat as it talked about growth and shortage in labour market. A tight liquidity in \$ and tight liquidity augurs well for USD vs majors.

### TECHNICAL VIEW:

USDINR remains stuck in the corrective mode. However the pair has taken support around 73.00/73.10 zone on spot. Re-test of support can not be ruled out with oil still falling. However, risk reward is favourable on fresh longs closer to 73.00 with stops on a closing basis below 72.90 on spot. Resistance @ 73.50 and 73.90/74.00

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