

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	68.81	-0.19%	-3.3%	6%
EUR/INR	77.87	-0.09%	-3.7%	-3%
GBP/INR	90.82	-0.02%	-3.3%	-2%
JPY/INR	62.55	-0.24%	-2.7%	1%
EUR/USD	1.1316	0.04%	-0.6%	-9%
GBP/USD	1.3199	0.03%	-0.4%	-7%
USD/JPY	110.06	0.08%	-0.5%	4%
USD/CNH	6.7135	-0.05%	0.4%	7%
10 YR YIELD- IN	7.33	0.01	(0.09)	(0.29)
10 YR YIELD- USA	2.43	0.03	(0.21)	(0.42)
GOLD (\$/Oz)	1,320	-0.1%	-1%	-2%
SILVER (\$/Oz)	15.54	0.0%	-2%	-7%
BRENT CRUDE (\$/Brl)	67.27	0.1%	3%	-4%
COPPER 3M (\$/Ton)	6340	0.4%	-2%	-5%
NIFTY	11379	0.21%	5.01%	12%
HANGSENG	28543	0.07%	-0.80%	-7%
S&P 500	2798	-0.08%	0.16%	5%
INR 1M FWD	0.34	0.05	0.10	0.03
INR 2M FWD	0.55	0.00	0.00	(0.02)
INR 3M FWD	0.78	0.01	0.00	0.01
INR 6M FWD	1.39	0.03	(0.06)	0.01
INR 12M FWD	2.54	0.05	(0.22)	(0.02)
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	209	4,025	6,321	6,321
FII INVESTMENT- DEBT (\$ Mn)	71	2,108	455	455
TOTAL- (\$ Mn)	280	6,133	6,776	6,776

CURRENCY	ECONOMIC DATA
INR	RBI FX Swap
USD	CB Consumer Confidence

INDIA NEWSWIRE

1. Job creation fell by 6.91 per cent in January to 11.23 lakh compared to 12.06 lakh in the same month last year, according to payroll data of the Employees State Insurance Corporation (ESIC) released Monday. During September 2017 to January 2019, as many as 2.08 crore new subscribers joined the ESIC scheme

WORLD NEWSWIRE

1. Federal Reserve Bank of Boston President Rosengren said that the dot plot policy guidance can change depending on changes in the economy. Q1 US growth likely to be pretty weak; next 3 quarters likely much closer to 2 and 2.5 pct. China and Europe are risks to that growth forecast. Fed pause responsible thing to do now. Global factors pushing US yields lower.

FX VIEW

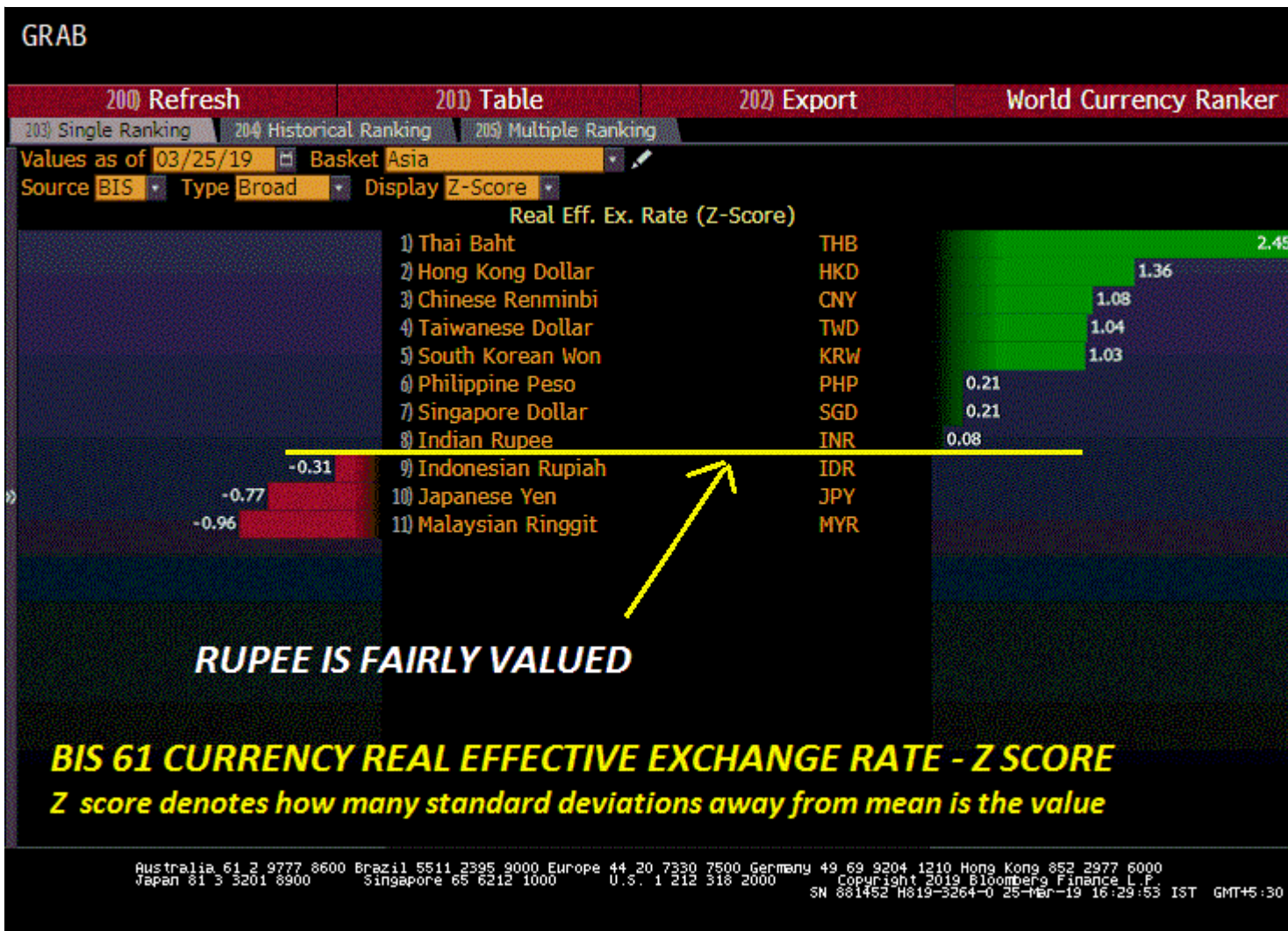
Rupee could be opening marginally stronger, with USDINR offshore spot reference trading at 68.89, 4 paise lower than yesterday's onshore close. All eyes on the first part of the two part swap to be done between RBI and the commercial banks. RBI will be buying Dollars in spot and selling Rupees to the banks and then reversing the trade with 3 year forward. Effectively, banks will be bidding the 3 year forward premia to be paid to RBI. On Bloomberg, offshore 3 year forward premia is trading at 7.97 now. Traders are watching the discount that RBI accepts on the 3 year forward premia. If RBI accepts a large discount to going rate, then it can be sign that RBI is aggressively signalling to the market, that it would employ means to cool the forward premia to support foreign currency borrowing. Therefore it will be a sign of a more measures on the anvil for infusion of liquidity and also aggressive reduction of interest rates. Unless market rates comes off in INR, it will be difficult to keep the forward premia artificially, as arbitrageurs will push it higher.

The swap is supposed to be spot neutral but it has clearly sent a message to the market that RBI is not comfortable with Rupee attempting to break down below 68.00 against USD. On a REER basis, INR is now fairly valued. The next leg of undervaluation of overvaluation would be driven by domestic factors and also oil prices. Therefore, RBI would be aggressive in buying Dollars, as long as USDINR loiters below 69.00 on spot. Technically, there is scope for a breakdown towards 67.50, which is the 61.8% retracement of the rally from 63.30 to 74.50 on spot. Nevertheless, incase of a sustained trading above 69.60, the tactical bearish view would be impaired.

In global currencies, center of attention remains GBP. There lawmakers in the U.K. have voted to effectively rip control of the Brexit process away from Theresa May's ailing government. It is forcing votes for alternatives to a Brexit deal which includes options such as avoiding it altogether or a second referendum. Last week, the EU agreed to allow only a brief Brexit extension until April 12 should May's deal fail to pass in Parliament this week. Therefore, GBP would continue to be volatile. Having said that, we would be a buyer on decline in GBPUSD with stop below 1.30 on a daily closing basis.

On EURUSD, German business survey, IFO came in better than consensus. Easing of financial conditions in Eurozone is bringing life back into the business/ investor surveys like IFO and ZEW. However, hard data continues to disappoint from Eurozone. In such a scenario, we expect ECB to remain dovish. Euro would remain weak against INR and GBP and trade flat against USD.

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Source: Bloomberg

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