

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	73.41	0.18%	1.1%	12%
EUR/INR	83.42	-0.22%	-2.2%	8%
GBP/INR	94.08	-0.46%	-1.5%	9%
JPY/INR	65.45	0.37%	1.7%	13%
EUR/USD	1.1366	-0.08%	-3.2%	-2%
GBP/USD	1.2817	0.00%	-2.7%	-3%
USD/JPY	112.16	-0.23%	-0.5%	-2%
USD/CNH	6.9702	0.20%	1.3%	5%
10 YR YIELD- IN	7.87	0.00	(0.20)	1.07
10 YR YIELD- USA	3.10	(0.02)	0.05	0.64
GOLD (\$/Oz)	1,233	0.0%	3%	-3%
SILVER (\$/Oz)	14.62	-0.1%	2%	-13%
BRENT CRUDE (\$/Brl)	76.43	-0.6%	-6%	29%
COPPER 3M (\$/Ton)	6226	0.8%	-1%	-11%
NIFTY	10025	-0.99%	-9.31%	-3%
HANGSENG	24656	-1.35%	-11.36%	-13%
S&P 500	2706	1.86%	-6.90%	6%
INR 1M FWD	0.28	0.00	0.01	0.04
INR 2M FWD	0.56	(0.01)	(0.02)	0.10
INR 3M FWD	0.82	0.00	(0.02)	0.12
INR 6M FWD	1.60	0.02	0.00	0.19
INR 12M FWD	3.08	(0.06)	(0.17)	0.28
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	(251)	(2,872)	(2,872)	(4,877)
FII INVESTMENT- DEBT (\$ Mn)	297	(1,619)	(1,619)	(8,728)
TOTAL- (\$ Mn)	46	(4,491)	(4,491)	(13,606)

CURRENCY	ECONOMIC DATA
EUR	ECB policy
USD	Durable Goods Orders

INDIA NEWSWIRE

- The fiscal deficit for the first six months — April-September — of the current financial year has exceeded 95 per cent of the Budget Estimate. The corresponding figure for the same period of the last fiscal was over 91 per cent of the Budget Estimate.

WORLD NEWSWIRE

- Italian Deputy Prime Minister Matteo Salvini said on Thursday that if necessary the government will take “counter-measures” to prevent economic damage from a rise in Italian bond yields.

FX VIEW

Yesterday, Rupee continued its defiance of risk off mood in the local equity bourses. USDINR spot touched a low of 73.19, before closing at 73.27 levels. Narrowing offshore-onshore spread indicates low speculative demand. With Brent crude oil at mid-70s is a boon for the local unit. However, risk appetite in local equity markets need to improve for USDINR to breakdown below 73.00 support. Short of such an improvement, USDINR may repeat the pattern of behaviour it has exhibited for the past 9 months, i.e, run and then breathe for weeks, and then resume the run.

Importer and exporters have to be flexible over here. We would strongly advise such clients to look at option strategies, instead of forward and futures. Options provide insurance, whereby a corporate is able to protect themselves from adverse movement in the USDINR but at the same time, they do not sacrifice the gains from a favourable movement in spot Dollar.

Overnight in major economic news, US durable goods orders showed a marked improvement in headline but the core durable goods orders grew, albeit at a slower pace. On a positive note, pending home sales, tracks real estate contract signings, snapped a four-month losing streak. Contract signings usually precede closings by about 45 days, so the pending home sales release is considered a leading indicator for the existing-home sales report. Housing sector in America has lost its mojo in 2018, as higher interest rates and higher prices hurting demand. During 2013, due to spike in mortgage rates, housing sector had slowed down but it up pace in 2014. Fed has chosen to ignore the softness in housing sector as the rest of economy continues to show strong growth momentum. However, if the weakness does not prove transitory like 2013, Fed would have to pay attention.

Euro sold off in spite of ECB chief’s hawkish remarks. Draghi said that weakness in economic growth is transitory and inflation continues to pick up. May Euro paid little attention to ECB as there was nothing new. However, Euro gained ground against GBP, as the Brexit related worries continues to plague cable. Even ECB chief hinted that risk of a hard Brexit is rising.

TECHNICAL VIEW & RUPEE CROSSES:

Technically, USDINR remains in a primary uptrend. However, we will abandon this view if the pair were to close below 72.90 on spot. Resistance remains around 73.50 and close to 74.00 on spot. On Rupee crosses, corrective decline is underway but the primary trend remains upward.

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