

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	70.37	-0.47%	-4.4%	8%
EUR/INR	79.77	-1.10%	-4.5%	3%
GBP/INR	90.15	-0.59%	-4.2%	5%
JPY/INR	62.15	-0.79%	-5.4%	7%
EUR/USD	1.1338	0.00%	-0.6%	-5%
GBP/USD	1.2812	-0.02%	-0.1%	-4%
USD/JPY	113.21	0.22%	1.1%	2%
USD/CNH	6.9414	-0.05%	-0.2%	5%
10 YR YIELD- IN	7.69	(0.03)	(0.19)	0.68
10 YR YIELD- USA	3.05	0.01	(0.03)	0.70
GOLD (\$/Oz)	1,224	0.1%	-1%	-5%
SILVER (\$/Oz)	14.33	0.3%	-2%	-16%
BRENT CRUDE (\$/Brl)	59.40	1.0%	-23%	-7%
COPPER 3M (\$/Ton)	6207	-0.8%	0%	-11%
NIFTY	10543	0.16%	3.91%	2%
HANGSENG	26371	1.71%	6.69%	-12%
S&P 500	2633	-0.66%	-0.98%	1%
INR 1M FWD	0.25	(0.00)	(0.06)	0.01
INR 2M FWD	0.49	0.00	(0.07)	0.07
INR 3M FWD	0.72	0.01	(0.06)	0.04
INR 6M FWD	1.47	0.00	(0.15)	0.05
INR 12M FWD	2.87	(0.04)	(0.28)	0.07
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>CTD</b>
FII INVESTMENT- EQ (\$ Mn)	(680)	44	(3,709)	(5,714)
FII INVESTMENT- DEBT (\$ Mn)	(5)	875	(476)	(7,586)
TOTAL- (\$ Mn)	(685)	919	(4,185)	(13,300)

CURRENCY	ECONOMIC DATA
EUR	German Ifo Business Climate

### GLOBAL NEWSWIRE

1. UK & EU formally agreed to the terms of the Brexit agreement at a summit in Brussels. However, the significant developments in Brussels will now put the spotlight firmly back on Westminster, and the government's ability to persuade Parliament to approve the deal later this year.

### FX VIEW

Dollar Rupee is expected to open stronger today, with USDINR Nov opening around 70.35 levels, from 70.68 levels. We have added to our short position on Thursday around 71.00 levels and would like to cover part of the short position around the opening hour. Oil remains soft on the back of long liquidation from major funds, which is supportive for Indian bonds and equity. Another supportive factor remains the mild strength of Asian currencies against the Greenback.

### Why does falling oil prices prove supportive for the Indian Rupee?

Ans:

Crude oil prices have erased all the gains for this year. This a major benefit to India as the economy as an aggregate is a net consumer of oil.

Lower oil prices mean:

1. Lower oil prices mean lower imported inflation
2. Lower subsidy burden for the government
3. Lower cost of transporting goods.
4. It boosts real disposable income of households, as cost of living decline, which is +VE for consumption.

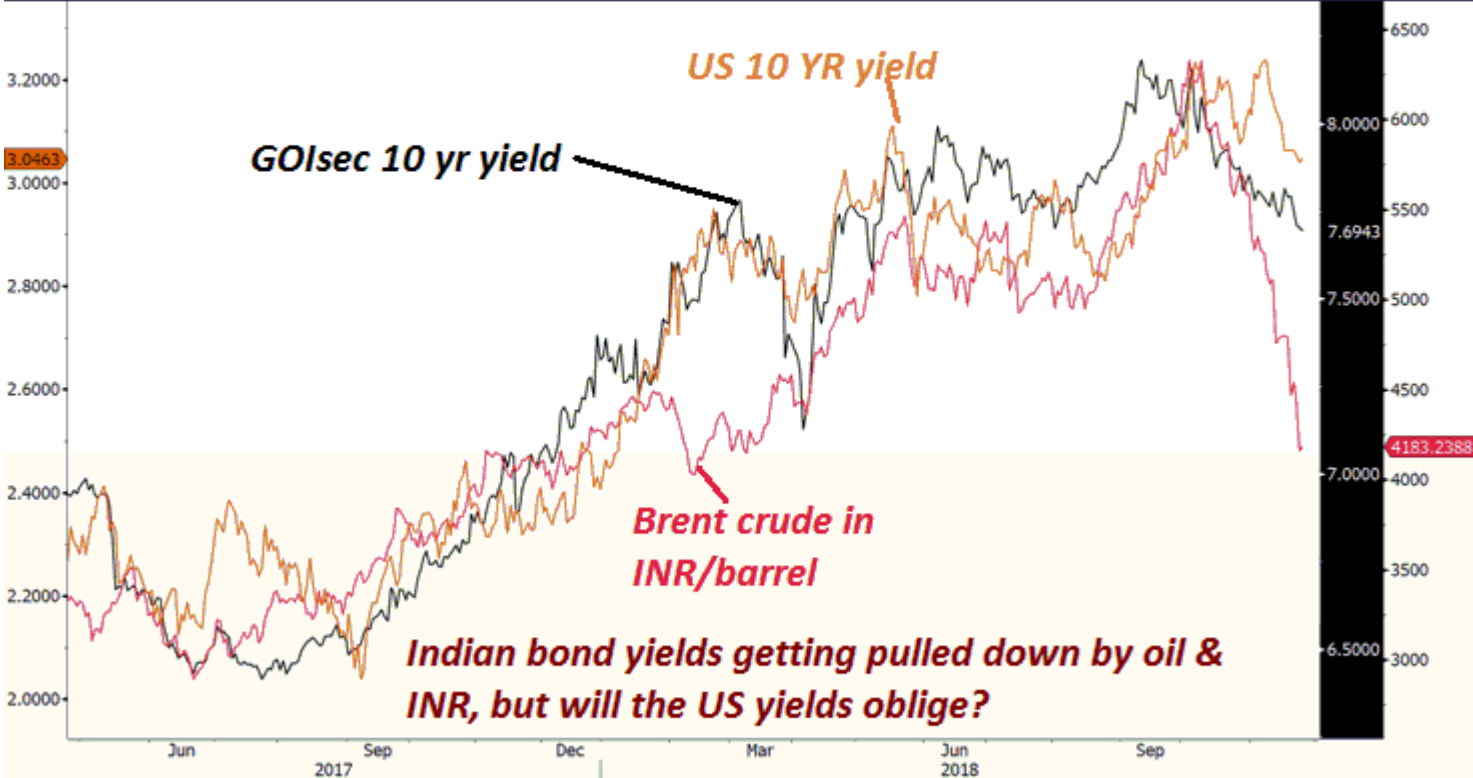
Therefore, we can conclude that lower oil prices supports low inflation and high growth. This helps to attract foreign capital flows into India, in the debt and equity markets, and hence it is positive for the Rupee.

It also incentivise carry trade as real interest rate differential between India and others become attractive, which adds fuel to Long INR trade. Carry trade can be done by owning Indian Goisecs or corporate bonds or even it can be simply selling USDINR long forwards and then rolling it down. In either of the case, it exerts downward pressure on USD and upward pressure on the Rupee.

### TECHNICAL VIEW & RUPEE CROSSES:

Intermediate to short term downtrend is intact in USDINR as long as it is trading below 71.00 on spot. Support is expected around 70.20/70.00 and 69.50/60 on spot. Resistance around 71.00 on spot. EURINR having breached 80.80/81.00 support is now vulnerable to a decline towards 78.50/79.00 zone. Fresh selling can emerge on rise towards 81.00 levels. On GBPINR, Brexit related headlines will drive the pair. If it fails to hold 90.00 handle, then it can fall towards 88.60/80 levels on spot, below which it can aim for 86.50/60 levels on spot. JPYINR can test further lower levels. We expect the pair to eventually test 61.00 and even 60.00 levels on spot. Resistance is between 63.50/64.00 levels on spot.

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