

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.01	0.19%	-2.5%	6%
EUR/INR	77.68	-0.06%	-4.0%	-4%
GBP/INR	91.03	0.02%	-3.5%	-1%
JPY/INR	62.65	0.48%	-1.5%	2%
EUR/USD	1.1254	0.09%	-1.0%	-9%
GBP/USD	1.3190	0.01%	-0.6%	-6%
USD/JPY	110.19	-0.29%	-1.1%	3%
USD/CNH	6.7387	0.01%	0.5%	7%
10 YR YIELD- IN	7.31	(0.02)	(0.10)	(0.09)
10 YR YIELD- USA	2.35	(0.01)	(0.36)	(0.43)
GOLD (\$/Oz)	1,311	0.1%	0%	-1%
SILVER (\$/Oz)	15.30	0.1%	-2%	-6%
BRENT CRUDE (\$/Brl)	67.73	-0.1%	3%	-3%
COPPER 3M (\$/Ton)	6335	0.1%	-3%	-5%
NIFTY	11512	0.59%	6.67%	14%
HANGSENG	28736	0.03%	0.36%	-4%
S&P 500	2805	-0.46%	0.75%	8%
INR 1M FWD	0.36	(0.01)	0.07	0.11
INR 2M FWD	0.51	(0.09)	(0.08)	0.02
INR 3M FWD	0.73	(0.09)	(0.08)	0.02
INR 6M FWD	1.42	(0.04)	(0.11)	0.06
INR 12M FWD	2.54	(0.10)	(0.38)	(0.02)
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>CTD</b>
FII INVESTMENT- EQ (\$ Mn)	129	4,059	6,354	6,354
FII INVESTMENT- DEBT (\$ Mn)	(123)	2,496	843	843
TOTAL- (\$ Mn)	6	6,555	7,197	7,197

CURRENCY	ECONOMIC DATA
EUR	German Prelim CPI
USD	Final GDP

#### INDIA NEWSWIRE

1. CBDT has raised alarm over the shortfall in direct tax collected so far. Just four days are left to close the current financial year. Direct tax receipts are just 85 per cent of the full year estimate. Some quarters are estimating a short fall of 50,000-60,000 crores in that segment by the time the year rolls over.

#### WORLD NEWSWIRE

1. Theresa May promised to resign if Parliament backed her deal. None of MPs' eight proposed Brexit options have secured clear backing in a series of votes in the Commons.

#### FX VIEW

Yesterday was an eventful day, not so much for the Rupee, but definitely for India's space technology as well as for the Interest Rate Derivatives market. With "Mission Shakti", India joined the ranks of a handful of nations, viz., China, Russia and US who possess the technology to destroy objects in outer space. This would provide immense geo-strategic benefits to India. Anti-satellite weapon allows for attacks on enemy satellites - blinding them or disrupting communications - as well as providing a technology base for intercepting ballistic missiles.

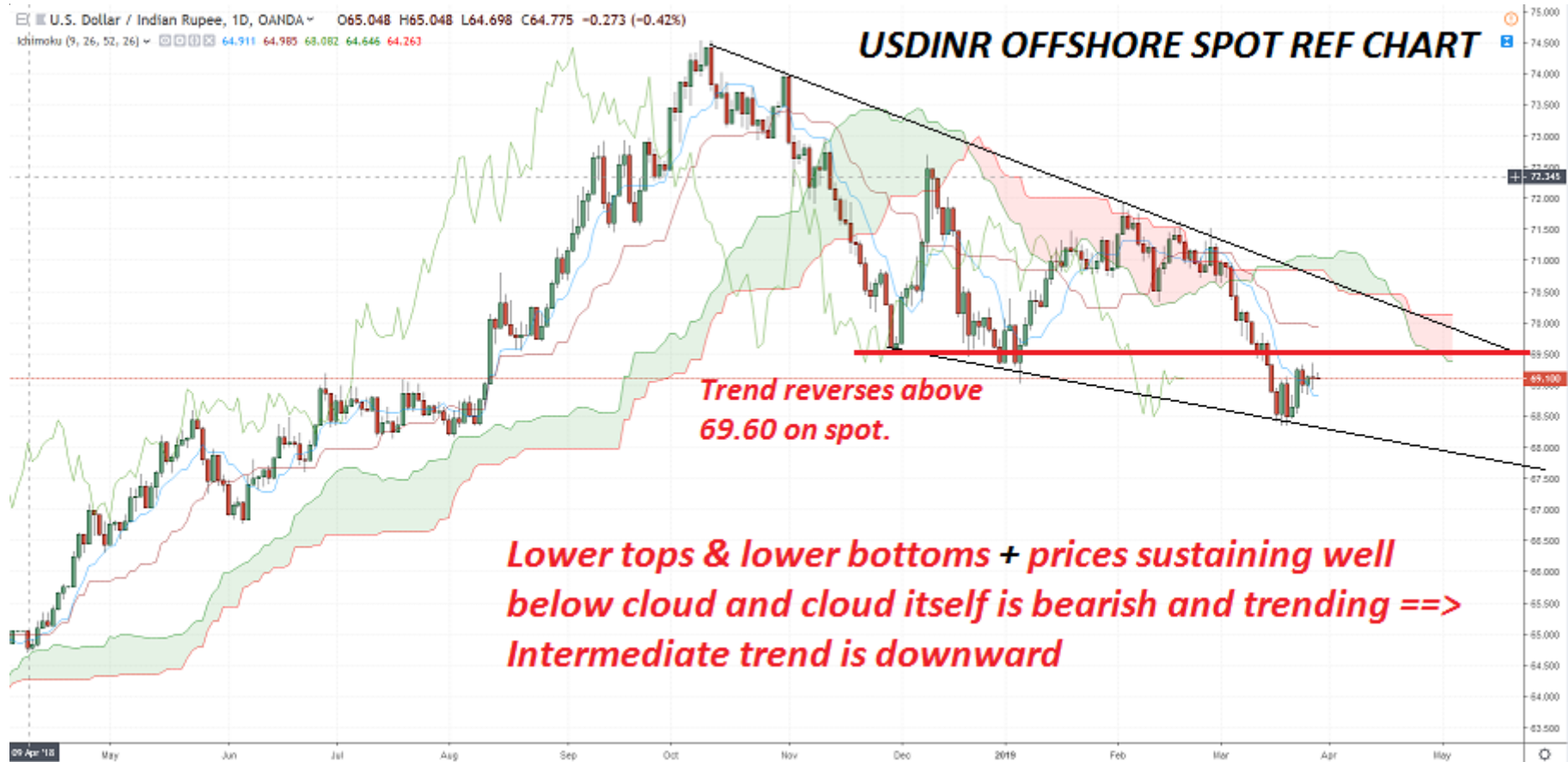
In the evening, RBI issued a circular allowing NRIs to participate in the IRF segment, to hedge or to speculate. There are clear signs that RBI is moving quickly on deepening India's financial markets. We have long argued that Bond-Currency-Derivatives nexus is critical in achieving that goal. We await more measures on boosting onshore INR markets as well.

USDINR is caught between RBI/yield curve and exporters. RBI here and risk-off sentiments in global equity markets, would continue to curb aggressive INR long fervour, but at the same time, year-end selling from exporters is also capping the downside in INR. USDINR could be up for a range bound action. Lower end is now well defined between 68.75/85 on spot. If prices fall below 68.75 and sustain, then stop loss selling can take prices towards 68.30/35 region, with 68.50 acting as an interim support. However, upside is now capped around 69.20 on spot, which if taken out convincingly can lead to a short squeeze in USD, which can take prices towards 69.45/60 region on spot. It is to be noted, USDINR needs to trade above 69.60 to confirm that downtrend has reversed.

Globally, long term yield continue to decline and that is not going down well with risk assets. A kind of reflexive trade is underway, between long bond yields and risk assets. The longer it persists, we would remain buyers of JPY against almost pairs of currencies, INR, USD, EUR and even GBP. JPY tends to benefit from risk aversion in the markets due to the unwinding of yen carry.

EURUSD remains capped below 1.14 and as long as that remains the ceiling, EURUSD remains bearish and hence selling on rise is advisable. GBP continues to wobble due to Brexit drama. In the latest news from UK, PM May's timetabled departure is seen as key for securing a switch in votes from the right-wing Eurosceptic element in her party who want a different leader to take the reins for the next stage of negotiations with Europe. Therefore, as the two angles play out, who will become the next PM of UK and what will be the structure of agreement between EU and UK on Brexit or long delayed Brexit, would determine the next major trend in GBP pairs. Till then, we would look for intra-day long opportunities on dip.

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



Source: Bloomberg

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