

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR	
USD/INR	68.93	0.04%	0.0%	0%	
EUR/INR	76.71	0.00%	-2.0%	-5%	
GBP/INR	85.25	-0.46%	-2.3%	-6%	
JPY/INR	63.49	0.14%	-0.2%	3%	
EUR/USD	1.1129	0.01%	-1.4%	-5%	
GBP/USD	1.2368	-0.13%	-2.2%	-6%	
USD/JPY	108.55	-0.12%	0.1%	-2%	
USD/CNH	6.8952	0.21%	0.5%	1%	
10 YR YIELD- IN	6.44	(0.08)	(0.44)	(1.34)	
10 YR YIELD- USA	2.06	(0.01)	0.06	(0.89)	
GOLD (\$/Oz)	1,421	0.1%	3%	16%	
SILVER (\$/Oz)	16.39	0.0%	8%	6%	
BRENT CRUDE (\$/Brl)	63.26	-0.3%	-5%	-15%	
COPPER 3M (\$/Ton)	5963	-0.7%	0%	-5%	
NIFTY	11278	-0.05%	-4.33%	0%	
HANGSENG	28062	-1.18%	-1.68%	-3%	
S&P 500	3026	0.74%	2.86%	7%	
INR 1M FWD	0.23	(0.00)	(0.15)	(0.02)	
INR 2M FWD	0.45	0.00	(0.06)	(0.04)	
INR 3M FWD	0.70	(0.01)	(0.21)	(0.06)	
INR 6M FWD	1.48	(0.01)	(0.27)	(0.03)	
INR 12M FWD	3.08	(0.02)	(0.30)	0.08	
		1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	78	(2,005)	(2,005)	9,334	
FII INVESTMENT- DEBT (\$ Mn)	5	1,275	1,275	2,703	
TOTAL- (\$ Mn)	82	(731)	(731)	12,036	

CURRENCY	ECONOMIC DATA
GBP	Mortgage Approvals

FX VIEW

In our Friday note we sounded caution. We said that until official confirmation comes from Ministry of Finance, we should not jump to conclusions on the sovereign bond issue. Over the weekend, Finance Minister has confirmed that GoI is going to go ahead with a Dollar bond issue this year. It is estimated that the quantum of issue will be around \$10 billion or 69,000 crore rupees, or nearly 10% of the gross borrowing for FY20. At the same time, two more major news which can lift the sentiments in Rupee: Finance Minister has agreed to consult the FPIs on the issue of surcharge. Currently the increased surcharge is applicable on individuals, HuFs, trusts and association of persons with earnings at least 2 crore rupees. Nearly 40% of FPIs come under the ambit of the surcharge. However, FM has not promised any waiver. In the other development, media reports suggests that SEBI is working on measures to ease the norms for entry of FPIs. In the economic survey and then in the Union Budget GoI has cleared spelled out the emphasis on measures to attract greater amount of foreign savings to meet the needs of capital for the economy.

FPI inflows have turned net negative this quarter as over \$2 billion outflow from equity overshadow the \$1.2 billion FPI inflow in the debt segment. Weak economy has taken a toll on corporate bottomline and topline. According to Capitaline, aggregate net profit of 281 BSE listed companies have seen their net profit grow by 8.49% y/y in June quarter from 23.8% same period last year but better than 5.67% March quarter. However, topline registered a 13-quarter low growth of 5.07%. Weak corporate earnings and stress in the NBFC sector is taking a toll on speculative sentiments in India. As long as the flows do not reverse in equity, Rupee would not be able to clock any strong gains against Dollar.

G-4 currency traders will have lot of events to trade this week. The most widely tracked will be US FOMC. FOMC is expected to reduce rate by 25 bps. However, the focus will be on the language. If Fed signals "one and done" kind of a move then even after a rate cut, USD may rally. Monetary policy is being eased around the globe, and hence, the impact of a one-off reduction in rates would not have much impact on the Dollar. Even after a rate cut, Dollar would still remain attractive on real rate differential basis compared with majors. However, it will be the high yielders in the emerging market space, like INR, which may benefit somewhat. Apart from Fed, other major events to watch will be: development on Brexit. According to media reports, Johnson has set up a "war cabinet" to deliver Brexit "by any means necessary" by October 31 as a senior cabinet minister warned that there was "now a very real prospect" of no deal. BoE meeting is scheduled this week but may become a non-event. Other three major events to watch will be: UK manufacturing PMI, US NFP and Eurozone second quarter GDP estimates.

TECHNICAL VIEW & RUPEE CROSSES:

Primary downtrend is intact in USDINR. Short term trend is sideways. USDINR face resistance around 69.10/20 levels on spot, which if conquered can open doors for a move towards 69.50/60 zone on spot. The pair needs to break below 68.90 sustainably to negate the near term bullish momentum. Intra-day shorts on USDINR can be done between 69.10/20 zone on spot, but we would advise covering those shorts if the pair trades above 69.20 and sustains. Above 69.20, one can reverse to long USD with stop below 69.00 on spot and aim for 69.50/60 zone. For the past few days, the intra-day range has become shallow, which can be sign of consolidation, which augurs well for the Dollar bulls. In Rupee crosses, EURINR trend remains downward and sell on rise as long as below 78.50 on spot. In GBPINR, bias remains bearish as long as the pair holds below 88.00 level on spot. In JPYINR, we are bullish as long as above 63.00 on spot. ***** CHART ON NEXT PAGE *****

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