

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.84	-0.25%	1.0%	5%
EUR/INR	78.13	0.18%	0.6%	-3%
GBP/INR	90.39	-0.11%	-0.3%	-1%
JPY/INR	62.63	0.00%	0.7%	3%
EUR/USD	1.1187	0.01%	-0.2%	-7%
GBP/USD	1.2940	0.02%	-1.2%	-6%
USD/JPY	111.54	-0.10%	0.2%	2%
USD/CNH	6.7433	0.07%	0.4%	6%
10 YR YIELD- IN	7.40	(0.02)	0.04	(0.37)
10 YR YIELD- USA	2.53	0.03	0.12	(0.43)
GOLD (\$/Oz)	1,284	0.3%	0%	-2%
SILVER (\$/Oz)	14.96	0.3%	-1%	-8%
BRENT CRUDE (\$/Brl)	71.82	-0.3%	5%	-4%
COPPER 3M (\$/Ton)	6396	-0.1%	-1%	-6%
NIFTY	11663	-0.78%	0.34%	9%
HANGSENG	29749	-0.48%	2.40%	-3%
S&P 500	2943	0.11%	3.83%	11%
INR 1M FWD	0.29	(0.02)	(0.05)	0.06
INR 2M FWD	0.55	(0.01)	(0.02)	0.12
INR 3M FWD	0.82	0.01	(0.01)	0.18
INR 6M FWD	1.52	(0.04)	0.08	0.21
INR 12M FWD	2.98	(0.03)	0.35	0.50
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	551	1,649	1,649	9,875
FII INVESTMENT- DEBT (\$ Mn)	(21)	(1,278)	(1,278)	(9)
TOTAL- (\$ Mn)	530	371	371	9,865

CURRENCY	ECONOMIC DATA
EUR	Prelim Flash GDP
USD	Chicago PMI

INDIA NEWSWIRE

- Foreign retail investors, as well as non-resident Indians have been allowed to invest in stock exchanges in Gujarat International Finance Tec-City . So far, only overseas institutional players were allowed in the capital market segment.

WORLD NEWSWIRE

- China's manufacturing sector grew slower than expected in April. The Caixin/Markit factory Purchasing Managers' Index for April was 50.2 — lower than the March reading of 50.8, and missing the 51 consensus. PMI readings above 50 indicate expansion, while those below that signal contraction.
- U.S. President Donald Trump said on Friday that he "called up" OPEC and told the cartel that they have to bring gasoline prices down.

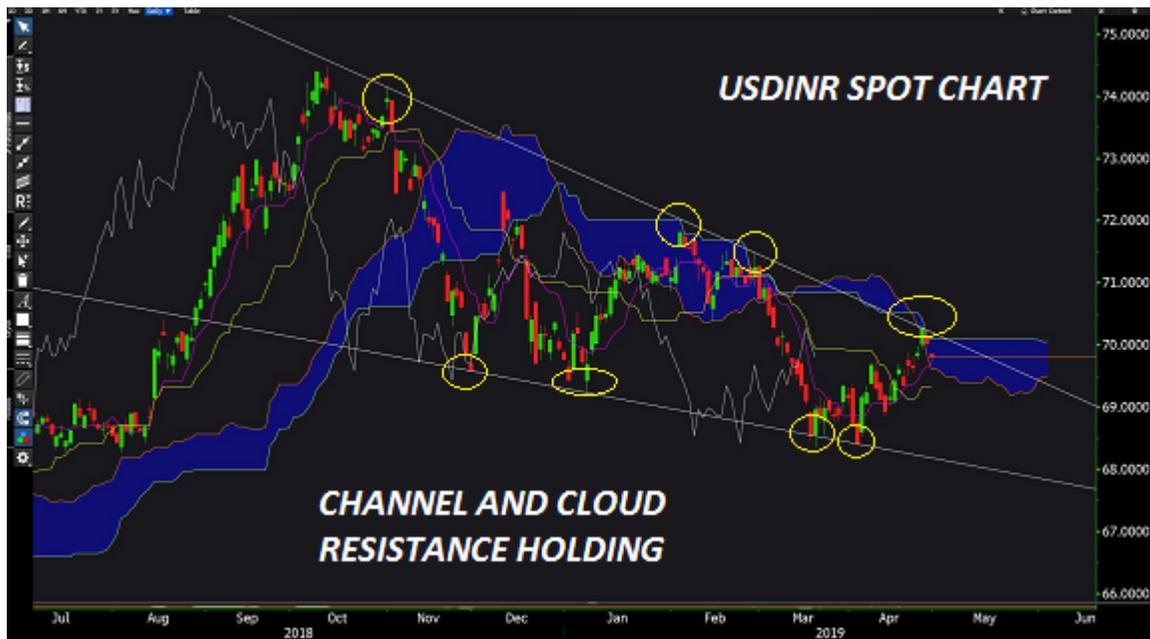
FX VIEW

Four phases of the election are over and another three to go. Market trend seems to suggest that market remains clear about a continuation of a strong government at the center. Political stability is paramount for foreign investment inflows to continue. Indian stock market is commanding a hefty premium to its peers around the world, at a time when the economy has slowed and a large part of the non-bank financial sector remain stressed. Even if NDA returns with a phenomenal mandate, the incremental rally in the stock market may be short lived and a corrective decline could ensue. Global economy remains in a spot of bother as Europe and EMs are struggling, though US is chugging along well. The saving grace for EMs has been the role reversal of FOMC, from being a relentless absorber of USD liquidity it has now pivoted to a neutral stance before the end of 2019. However, FOMC meets this week and with US GDP having done better than expectations, US corporate earnings coming in strong, US stock market at an all time high, US VIX at low levels and global commodity prices have bounced back, Fed may decide to sound hawkish than being expected. If they chose to turn hawkish, it can light a fire under the Dollar. A divergent monetary policy stance, along with persisting divergent economic trend can drive the Dollar higher, against most currencies. Keep an eye on the speculative positioning in VIX. With specs being so short on volatility, any unexpected development, for eg, hawkish Fed or something else, can trigger a sudden short covering in VIX and long liquidation in the US stock market. If US stock market swoons, it can have a ripple effect across the world.

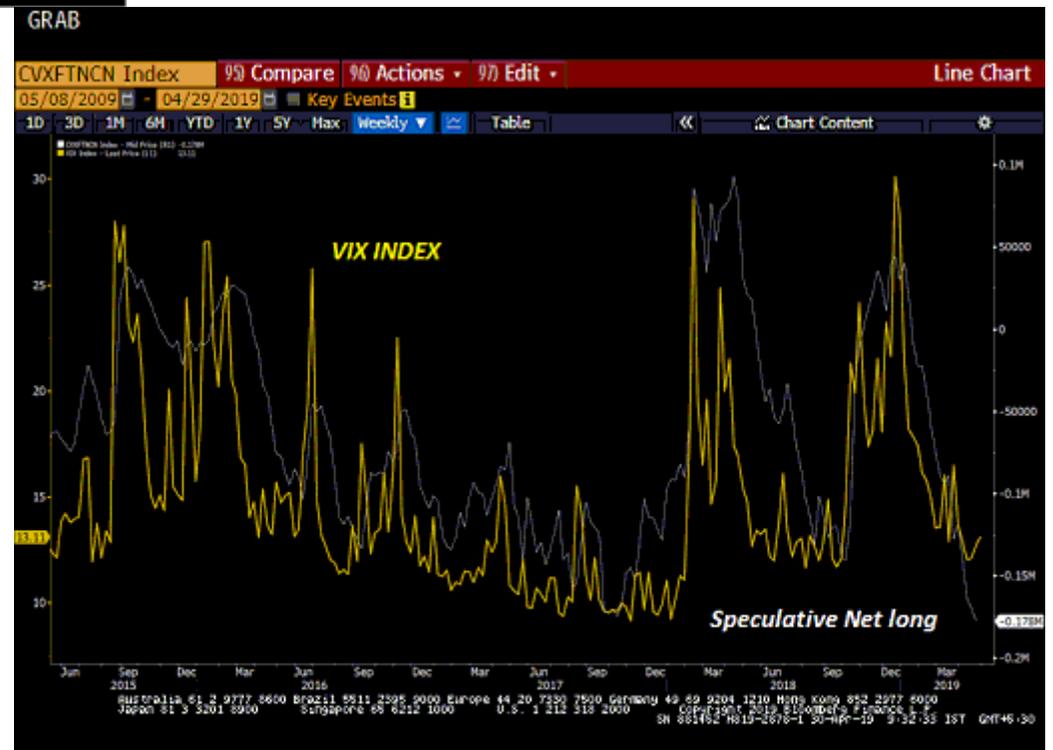
Overnight US stock market has closed at a fresh all time high. Asian markets are mostly lower with Indian stock indices are down around 0.5% due to sell-off in the stocks of financial companies. Brent crude is trading just under 72 handle. USDINR is trading around 70.77 levels on spot. Today traders will keep a close watch over the Eurozone economic data flow: inflation, GDP and jobs data. A stronger than expected data can push the Euro higher against USD, GBP and even INR. However, a weaker data can lead to a sell-off in Euro.

TECHNICAL VIEW:

USDINR has turned down from the resistance zone of 70.25/35 on spot but remains supported between 69.50/60 levels on spot. As long as the spot is caught within this range, we could see choppy trading. Positional traders can go short closer to the upper end of the range with stop above 70.30 on spot, on a closing basis. At the same time, traders looking to buy dollars, can do so closer to 70.60 with stop below 70.50 on a daily closing basis.



Source: Bloomberg



CFTC report shows, speculators are heavily short on the VIX futures. The level of net short is bigger than Feb 2018, before the massive short squeeze hit markets...

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