

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	69.77	-0.10%	0.3%	3%
EUR/INR	77.69	-0.26%	-0.4%	-1%
GBP/INR	88.11	-0.19%	-2.7%	-2%
JPY/INR	63.65	-0.09%	1.9%	3%
EUR/USD	1.1137	0.06%	-0.7%	-5%
GBP/USD	1.2628	0.02%	-3.1%	-5%
USD/JPY	109.61	0.02%	-1.7%	1%
USD/CNH	6.9278	-0.08%	2.8%	8%
10 YR YIELD- IN	7.13	0.01	(0.28)	(0.65)
10 YR YIELD- USA	2.27	0.01	(0.24)	(0.59)
GOLD (\$/Oz)	1,278	-0.2%	0%	-2%
SILVER (\$/Oz)	14.38	-0.3%	-4%	-13%
BRENT CRUDE (\$/Brl)	69.67	0.3%	-4%	-10%
COPPER 3M (\$/Ton)	5883	-1.3%	-8%	-14%
NIFTY	11879	0.15%	1.11%	12%
HANGSENG	27159	-0.28%	-8.55%	-10%
S&P 500	2783	-0.69%	-5.53%	2%
INR 1M FWD	0.21	(0.01)	(0.10)	(0.02)
INR 2M FWD	0.46	0.00	(0.08)	0.02
INR 3M FWD	0.69	(0.01)	(0.12)	0.00
INR 6M FWD	1.38	(0.01)	(0.18)	0.01
INR 12M FWD	2.82	0.00	(0.19)	0.10
	1 DAY	MTD	QTD	CTD
FII INVESTMENT- EQ (\$ Mn)	671	998	2,539	10,765
FII INVESTMENT- DEBT (\$ Mn)	140	283	(1,287)	(19)
TOTAL- (\$ Mn)	811	1,280	1,252	10,746

CURRENCY	ECONOMIC DATA
USD	Prelim GDP

INDIA NEWSWIRE

- The Reserve Bank of India on Wednesday constituted a task force on the development of secondary market for corporate loans. A vibrant, deep and liquid secondary market for debt would go a long way in increasing the efficiencies of the debt market in general and would aid in resolution of stressed assets in particular.

WORLD NEWSWIRE

- China's Vice Foreign Minister says deliberately provoking trade disputes is naked economic terrorism.

FX VIEW

Yesterday, after reports in some Chinese newspaper warned that China may look at reducing or even restricting the flow of rare earth minerals, to teach US a lesson, there was a deep sell-off in global equity markets. Indian stocks too faced the hammering. USDCNH jumped to near 6.94 and that dragged USDINR towards 70 handle on spot. Speculators and exporters were happy to sell into the strength and as a result the pair drifted towards 69.83 by close of trading.

Overnight European and US stocks closed deep in the red. US long term yields declined and the inversion in the curve upto 5 years intensified. An inverted yield curve is sign of expectation of poor economic growth in the future. Economic data from Germany was disappointing. Germany reported the largest one-month increase in unemployment in 10 years. While nearly 75% of the increase was due to reclassification of some people, this was also the first rise in nearly 2 years. The unemployment rate rose from 4.9% to 5%. This deterioration is consistent with the slowdown in job growth reported in the manufacturing and service sector PMIs. ECB governing Council member, Olli Rehn said that as Eurozone economy remains in a soft patch, stimulus is appropriate for now. Euro bears will be emboldened.

GBP continues to lose ground as UK find itself stuck in political and Brexit mess. GBPUSD risks a test of January lows near 1.2440. We would be sellers on rise in the pair.

Today, the new Cabinet will be sworn in. All eyes will be on who will fill the key portfolios: Finance, Infrastructure, Railways, Foreign Affairs, Home, Defence etc.

TECHNICAL VIEW & RUPEE CROSSES:

USDINR remains in a primary downtrend as the downtrending channel is intact. However, lack of momentum means traders would have to trade in and out or else, one can run a positional short, which can be rolled over, earning the carry. However, maintain stop loss above 70.50 levels on such positional trades. For this week, in USDINR we are inclined to sell on rise. Resistance zone is 70.00/70.10 regions on a spot reference basis. Stop need to be placed above 70.10 on a closing basis. Support is around 69.30/40 and 69.65/70 levels on spot. One can look at selling OTM options to receive premium as the pair remains range bound. In Rupee crosses, EURINR sports a bearish structure and hence trade remains to sell on rise as long as the pair holds below 79.00 on spot. On GBPINR structure remains firmly bearish and hence sell on rise with stop above 90.50 on a closing basis. On JPYINR, wait for a pullback in the 62.50/63.00 on spot, before attempting fresh long position and maintain stop below 62.00 on a daily closing basis.

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Source: Bloomberg

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