

## FOREX

January 15, 2018

### Fundamental View

- ✧ Dollar/rupee fell as higher oil prices and overnight strength in the US\$ weighed on emerging currencies including the rupee. Consumer prices in India increased 5.21 percent year-on-year in December of 2017, above 4.88 percent in November and market expectations of 5.1 percent. It is the highest inflation rate since July of 2016 amid faster rises in cost of food and housing.
- ✧ The Reserve Bank of India held its policy rate steady at 6.0 percent. US retail trade increased 0.4 percent in December 2017, following an upwardly revised 0.9 percent rise in November and matching market expectations.
- ✧ Euro/dollar was up 1.21 percent to \$1.2177 on pace for its biggest single-day percentage gain against the greenback in more than six months. Investors took that as a signal that the ECB will wind down its 2.55 trillion-euro (\$3.10 trillion) bond purchase scheme this year if Europe's economy continues to hum along. Consumer prices in Spain increased 1.1 percent year-on-year in December of 2017. Consumer price index in France rose by 1.2 percent year-on-year in December.
- ✧ Pound/dollar ended up shrugging off Brexit concerns as it got a boost from a weaker dollar. Traders are likely to continue to focus on developments in the Brexit talks, as banks including Morgan Stanley were said to be activating contingency plans and setting up headquarters in Frankfurt.
- ✧ Yen/dollar ended up on percentage of Japanese households expecting inflation to accelerate has hit a nearly two-year high, a central bank survey showed, offering some hope that economic recovery will help the Bank of Japan meet its elusive 2 percent price target.

### NSE/BSE Day-wise Turnover

Trade Date	Volume (Contracts) NSE	Volume (Contracts) BSE	Open Interest NSE	Open Interest BSE
12-Jan-18	3718414	4474771	4979439	1545262
11-Jan-18	2483022	3620247	4910433	1614450
10-Jan-18	3669510	4469989	4880730	1611620
09-Jan-18	3682391	3703455	4838913	1615321
08-Jan-18	2528865	2848658	4769906	1667449

### USDINR



### EURUSD



### Cross Currencies

Currency	Close	High	Low	Open
EURUSD	1.183	1.184	1.172	1.174
USDJPY	112.77	113.54	112.24	113.54
GBPUSD	1.34	1.342	1.331	1.3319
USDINR	63.62	63.73	63.47	63.60
EURINR	77.16	77.20	76.50	76.69
JPYINR	57.28	57.31	57.06	57.15
GBPINR	86.75	86.76	86.01	86.13

## INTEREST RATE FUTURE

### Fundamental View

- ✧ Gilts, were little changed as sentiment s turned bearish amid higher oil prices and lowered expectations on rate cut s in the near future.
- ✧ Consumer prices in India increased 5.21 percent year-on-year in December of 2017, above 4.88 percent in November and market expectations of 5.1 percent.
- ✧ It is the highest inflation rate since July of 2016 amid faster rises in cost of food and housing.
- ✧ The RBI, which has a medium-term inflation target of 4 percent, has raised its inflation estimate to 4.3 percent to 4.7 percent for the six months through March. But some analysts feel inflation could overshoot its estimates. The RBI holds its next policy review on Feb. 7.
- ✧ Despite a cut in taxes, retail petrol prices have risen 5.6 percent and diesel by 9 percent since June in the Indian capital.
- ✧ India central bank sets cut-off rate of 6.01 percent at 13-day variable rate repo auction. India's dec consumer price inflation 5.2 percent y/y.
- ✧ Oil prices eased on Friday after hitting their highest levels since December, 2014 the previous day.
- ✧ On US front, Treasurys weakened Friday, pushing the two-year yield above 2%, after a larger-than-expected rise in a key consumer-price measure underlined rising inflation expectations and dampened appetite for U.S. government paper.
- ✧ Sales at service stations were unchanged last month, after a 3 percent jump in November Moreover, stronger inflation numbers should give the Federal Reserve confidence to raise interest rates this year at a steady clip, which can also be bearish for bonds. Retail sales rose 0.4% in December.

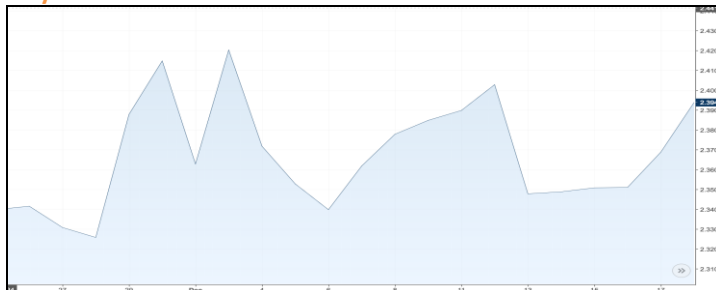
### Weekly data

	Current	
<b>Reserves</b>	\$ 387.14 bln	\$385.10 bln
<b>US Yield</b>	2.550%	2.5367%
<b>Gsec Yield</b>	7.454%	7.264%

### 10 year GSEC



### 10 year US bond



### NSE Day-wise Turnover

Trade Date	Total Contracts	Total Value (Rs. in crores)	Open Interest
12-Jan-18	51367	982.56	103823
11-Jan-18	70200	1343.33	99971
10-Jan-18	115195	2204.84	101537
09-Jan-18	64310	1236.42	93570
08-Jan-18	79023	1522.71	90803

### Trading details 6.79 GS 2027

Date	Close	High	Low	Open
12-Jan-18	95.45	96.04	95.45	95.71
11-Jan-18	95.65	95.88	95.51	95.70
10-Jan-18	95.60	96.01	95.54	96.01
09-Jan-18	96.08	96.27	96.00	96.15
08-Jan-18	96.20	96.68	96.16	96.56

### Trading details USGG10YR

Date	Close	High	Low	Open
12-Jan-18	2.550	2.549	2.542	2.549
11-Jan-18	2.562	2.570	2.531	2.553
10-Jan-18	2.559	2.597	2.544	2.551
09-Jan-18	2.551	2.555	2.480	2.482

## Government Securities

Underlying Symbol	684GS2022	768GS2023	697GS2026	679GS2027	759GS2029
Price	98.3975	101.9350	97.6500	95.7900	99.3500
Yield	7.2305	7.2698	7.34	7.4211	7.2623

## Important Data to be released today

Time	Currency	Data announcement	Impact on currency	Expectation	Previous
All Day	USD	Bank Holiday			
11:45 pm	GBP	MPC Member Tenreyro Speaks	More hawkish than expected is good for GBP/INR		

## Intraday Pivot Levels

Currency (Spot)	Support1	Support2	Support3	Resistance1	Resistance2	Resistance3
USDINR	63.45	63.35	63.25	63.85	63.95	64.15
GBPINR	87.00	86.85	86.75	87.25	87.45	87.55
EURINR	77.20	77.00	76.85	77.55	77.65	77.75
JPYINR	57.40	57.20	57.00	57.65	57.85	57.95

**Recommendation Parameters for Fundamental/Technical Reports:**

Buy – Absolute return of over +10%  
Accumulate – Absolute return between 0% to +10%  
Reduce – Absolute return between 0% to -10%  
Sell – Absolute return below -10%

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