

## Key Market Theme

- Rupee continues to head higher after news widened that GOI may ease cap norms for overseas investment in debt segment.
- Ahead of October meet Donald Trump's advisers are exploring steps to limit financial investments between the US and China.
- Pound faced the downward heat after BoE hawkish member turned dovish.

## Macro Analysis

### INDIA

Weekly run-up in the Indian rupee was recorded the highest since August's turmoil when the unit fell below 72.00 to a dollar mark. On Friday rupee ended higher by half-a-percent backed by heavy dollar selling from IT companies for quarterly settlement. Additional news flashed by Reuters that **Indian Government may ease the cap norms in debt segment for foreign investors as it seeks to list debt securities in global bond indexes in next two years.**

Such measures will certainly boost Indian debt market to deepen further; however at the same time the risk of capital out-flows will disturb the BoP equation. Ironically late Friday rumors widened that US may limit capital flows to China weigh the US equities. We don't think such conflict in capital flows between US & China will escalate further ahead of October meet.

For the day, rupee likely to head higher as liquidation of long position in USD/INR wills continues.

### US

The White House is weighing a plan to stop Chinese companies listing on US exchanges in a move that would take its trade war with China to Wall Street. President Donald Trump's advisers are exploring steps to limit financial investments between the US and China, according to people briefed on the plans. Other options include curbing the ability of US government pension funds to buy Chinese equities. Although markets were remain neutral until any official confirmation hit the panic button. The major economic release this week from US labor data. We are expecting a slight downward number in NFP towards 125,000 in September.

### EUROPE & UK

The pound had a tough time of it last week, slipping about 1.3 per cent against the US dollar in what was easily the worst performance for a G10 currency. Losses accelerated on Friday morning after a bearish speech from a Bank of England policymaker, who flagged the prospect of interest-rate cuts to boost the Brexit-threatened economy. But the direction from here is unclear. Derivatives markets suggest that investors are positioning for big swings in the exchange rate after the October 31 deadline for the UK to exit the EU, reflecting a shift in views about the likelihood of a do-or-die departure.

FX Majors	CMP	1W	1M
EURUSD	1.0931	-0.58%	-0.36%
GBPUSD	1.2285	-1.18%	1.82%
USDJPY	107.94	0.37%	1.62%

FX Cross INR	CMP	1W	1M
USDINR	70.51	-0.37%	-2.05%
EURINR	77.18	-0.80%	-2.24%
GBPINR	86.80	-1.35%	-0.06%
JPYINR	65.32	-0.74%	-3.61%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.73	-7.30	15.10
US	1.69	-3.53	18.77
Germany	-0.57	-12.46	10.20
UK	0.50	-26.22	1.82

Flows	DTD	WTD	MTD
FII's (INR Crs)	-213.60	2036.73	-6154.65

Note: 1W refers to 1 week change from CMP | 1M refers to 1 month change from CMP

## Economic Data

	IST	Previous	Median	SMC's Forecast
EUR German Prelim CPI m/m	17:30	-0.20%	0.10%	-0.20%
USD US Chicago PMI	19:15	50.4	50.0	50.1
	-	-	-	-

## Pivot Levels

Currency	Pivot	S1	S2	S3	R1	R2	R3
USD/INR (OCT)	70.92	70.62	70.45	70.15	71.09	71.40	71.56
EUR/INR (OCT)	77.72	77.45	77.28	77.00	77.89	78.17	78.34
JPY/INR (OCT)	65.82	65.42	65.20	64.80	66.03	66.43	66.65
GBP/INR (OCT)	87.42	86.91	86.62	86.11	87.70	88.21	88.50

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