

## Key Market Theme

- Indian domestic yield touched nine-week high to 6.75% in tandem with surge in oil prices.
- Fed will likely to give hawkish guidance with a possible rate cut.
- Euro faced further pressures after ECB's chief economist proposed further negative rates.

## Macro Analysis

### INDIA

Indian rupee will open marginally higher after the sudden plunge of more than three-quarter-percent yesterday amid fear of oil supplies from the gulf. Drone attacks in Saudi's oil facilities sparked major concern for the safe-guard of oil infrastructure in middle-east. Meanwhile, domestic yield touched nine-week high to 6.75% in tandem with surge in oil prices. Although, RBI is still in accommodation mode barring any major changes in the high-frequency economic indicator of India before October policy meets. Ahead of FOMC meet due this week, rupee likely to remain subdued with positive bias towards 71.00 against the dollar mark.

### US

On Tuesday the US central bank convenes for its hotly anticipated two-day meeting on monetary policy, announcing its decision on Wednesday. Markets are pricing in a near-certain chance that the Fed slashes its benchmark interest rate by 25 basis points on the heels of the European Central Bank rolling out an ambitious stimulus package on Thursday.

While the size of the Fed's move appears all but guaranteed, the bigger unknown remains what chairman Jay Powell will signal about the path of monetary policy.

### EUROPE & UK

Euro faced further pressure after European Central Bank's chief economist Philip Lane has defended the monetary stimulus package the central bank launched last week, stressing that it stood ready to cut interest rates even further into negative territory if needed. The ECB's latest stimulus efforts, announced last week, have attracted fierce criticism and opened deep divisions within the institution's top ranks only weeks before Mario Draghi is due to hand over as its president to Christine Lagarde. The criticism has been so intense in Germany that economists there are now asking if it has gone too far. Mr. Lane said the ECB would do "whatever it takes to hit our inflation target", adding that its mandate to do so was "unconditional" and its commitment was "unwavering".

FX Majors	CMP	1W	1M
EURUSD	1.1013	-0.28%	-0.75%
GBPUSD	1.2414	0.45%	2.01%
USDJPY	108.15	0.57%	1.81%

FX Cross INR	CMP	1W	1M
USDINR	71.85	-0.03%	0.52%
EURINR	79.13	-0.30%	-0.27%
GBPINR	89.17	0.47%	2.51%
JPYINR	66.44	-0.59%	-1.26%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.70	10.90	15.30
US	1.82	26.71	26.35
Germany	-0.48	15.54	20.57
UK	0.69	18.67	22.46

Flows	DTD	WTD	MTD
FII's (INR Crs)	-751.26	-294.35	-5567.26

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 ZEW Economic Sentiment	14:30	-44.1	-38.0	0.2%
USD US Industrial Production m/m	18:45	-0.2%	0.2%	0.2%

## Pivots

Currency	Previous Close	S1	S2	S3	R1	R2	R3
USD/INR (SEP)	71.52	71.26	70.83	70.58	71.95	72.20	72.63
EUR/INR (SEP)	79.31	79.08	78.94	78.71	79.45	79.67	79.82
JPY/INR (SEP)	66.46	66.31	66.06	65.91	66.72	66.87	67.13
GBP/INR (SEP)	89.07	88.62	88.05	87.59	89.65	90.10	90.67

### Currency Research Team

**Aditya Thukral - Technical Analyst**  
adityathukral@smcindiaonline.com

**Arnob Biswas - Fundamental Analyst**  
arnobbiswas@smcindiaonline.com

E-mail: smc.care@smcindiaonline.com



#### Corporate Office:

11/6B, Shanti Chamber,  
Pusa Road, New Delhi - 110005  
Tel: +91-11-30111000  
www.smcindiaonline.com

#### Mumbai Office:

Lotus Corporate Park, A Wing 401 / 402 , 4th Floor  
, Graham Firth Steel Compound, Off Western  
Express Highway, Jay Coach Signal, Goreagon  
(East) Mumbai - 400063  
Tel: 91-22-67341600, Fax: 91-22-67341697

#### Kolkata Office:

18, Rabindra Sarani, Poddar Court, Gate No-  
4, 5th Floor, Kolkata - 700001  
Tel.: 033 6612 7000/033 4058 7000  
Fax: 033 6612 7004/033 4058 7004

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