

### Chart of the day: China's HSBC flash PMI slips to a 7-month low



### Global market snapshot

Global Market roundup				
	Current	1 Day	1 mth	1 Year Ago
<b>Equities return (%)</b>				
Dow Jones	16041	(0.6)	(2.5)	15.2
FTSE	6797	0.0	(0.6)	6.3
Nikkei	14529	(1.6)	(7.1)	26.7
Hong Kong	22411	(1.1)	(2.3)	(3.8)
Sensex	20650	(0.4)	(2.6)	5.1
<b>10Y Bond yield (bps)</b>				
US	2.71	(2.5)	(10.5)	70.5
UK	2.73	(1.5)	(10.0)	54.9
Japan	0.59	(1.6)	(8.0)	(15.6)
India	8.79	1.5	25.8	98.0
<b>Currencies return (%)</b>				
DXY INDEX	80.10	0.1	(1.4)	(1.2)
EURUSD	1.3753	(0.0)	1.5	3.5
GBPUSD	1.6673	(0.1)	1.5	9.4
USDJPY	101.92	(0.4)	(2.2)	8.9
USDINR	62.43	0.3	1.3	15.5
<b>Commodity return (%)</b>				
WTI	103.1	(0.2)	9.3	9.2
Brent	109.9	(0.6)	3.3	(5.0)
Gold	1310.8	(0.1)	4.5	(16.2)

### Central bank watch:

- Minutes of the Fed's January FOMC meeting showed most policy makers deemed it appropriate to revise the interest rate guidance based on the unemployment threshold**, as the decline in unemployment rate is occurring faster than expected. Several policy makers also said that in the absence of an "appreciable change" in economic outlook, QE tapering should continue at the current pace.

### Global market developments:

- China's HSBC flash manufacturing PMI for February declined more than expected to 48.3 vs. prior print of 49.5.** This is the lowest reading in seven months.
- The IMF, in a staff report said that global growth is still weak and "significant downside risks remain."** It cited risks of prolonged turmoil in emerging markets and a new risk of deflation in the Euroarea.
- US benchmark equity indices ended lower yesterday**, after the FOMC minutes indicated that QE tapering is likely to continue at the current pace. Losses were led by financials and consumer goods stocks. Dow Jones ended lower by 0.6% and S&P 500 fell by 0.7%.
- Asian stocks are trading largely lower this morning**, weighed by a lower than expected (flash) manufacturing PMI print from China. Hang Seng and Kospi are down 1.2% and 0.5% respectively. Nikkei is trading lower by 1.7% after data showed trade deficit widened more than expected in January. Australia's ASX is trading flat. Shanghai Composite, however, is trading higher by 0.6% led by gains in oil and gas stocks.
- US Treasuries are trading higher today morning**, as weaker than expected manufacturing data from China and warnings from IMF of further risks to global growth boosted safe-haven demand. The 10-year benchmark yield is hovering around 2.71% vs. yesterday's close of 2.74%.

### Domestic market developments:

- Indian Rupee is trading weaker at 62.42 against the US Dollar vs. prior close of 62.22**, tracking losses in EM currency peers.
- Indian equities are trading lower this morning amid negative overseas cues.**

MONDAY February 17	TUESDAY February 18	WEDNESDAY February 19	THURSDAY February 20	FRIDAY February 21
Country/ Data/ Period/Consensus/ Actual	Country/ Data/ Period/Consensus/ Actual	Country/ Data/ Period/Consensus/ Actual	Country/ Data/ Period/Consensus/ Actual	Country/ Data/ Period/Consensus/ Prior
JN GDP (%QoQ) 4Q P 2.8 1.0	JN BoJ monetary base target (tn Yen) 270 270 270	UK BoE minutes Feb	JN Trade Balance (JPY bn) Jan -2487 -2790	UK Retail Sales Ex Auto (%MoM) Jan -1.0 2.8
UK Rightmove House Prices (%MoM) Feb -- 3.3	EZ Current account bal (EUR bn) Dec -- 21.3	UK Unemployment rate (%) Dec 7.1 7.2	CH HSBC/Markit Flash Mfg PMI Feb 49.4 48.3	CA Retail Sales (%MoM) Dec -0.8 0.6
JN Industrial Production (%MoM) Dec F -- 0.9	UK CPI (%YoY) Jan 2.0 1.9	US Housing Starts (%MoM) Jan -4.9 -16.0	Data to be released later today	
	US Total Net TIC Flows (USD bn) Dec -- -120	US FOMC minutes Jan	Country/ Data/ Period/Consensus/ Prior	CA CPI (%YoY) Jan 1.3 1.2
			SZ Trade Balance (CHF bn) Jan -- 0.5	US Existing Home Sales (%MoM) Jan -3.5 1.0
			EZ Manufacturing PMI Feb A 54.0 54.0	
			US CPI (%YoY) Jan 1.6 1.5	
			US Initial Jobless Claims ('000) Feb-15 330.0 339.0	
			EZ Consumer Confidence Index Feb A -11.2 -11.7	

Currency	Current level	Trend	Support	Resistance	Remarks
DXY	80.10	Bearish	79.80	80.30	After trending higher in the overnight session, Dollar index is trading weaker today. The minutes of the Fed's January FOMC minutes showed that most policy makers deemed it appropriate to revise the interest rate guidance based on the unemployment rate threshold, as decline in unemployment rate is occurring faster than expected. On the economic data front, the housing starts contracted by 16% MoM in January as compared to (-) 4.9% in December.
EUR/USD	1.3752	Bullish	1.3705	1.3785	After weakening ~0.2% in the previous session against the US Dollar (USD), Euro is trading stronger today, offsetting yesterday's losses. Markets will look for cues from flash PMIs and consumer confidence data for February, scheduled to release today.
GBP/USD	1.6673	Bullish	1.6620	1.6740	Sterling is trading largely unchanged from yesterday's closing level. The currency moved in a wide range in the previous session, as the unemployment rate inched up from 7.1% to 7.2% in the quarter ending December 2013. This is because the number of unemployed people increased by 22,000, marking its first rise since June 2013. Besides, the minutes of Bank of England February monetary policy meet were released yesterday, which showed that the decision to keep monetary policy unchanged was unanimous. Tomorrow, UK's retail sales data will be released along with January public finances.
USD/JPY	102.00	Bearish	101.80	102.50	Japanese Yen (JPY) is trading stronger today, in comparison to yesterday's close. JPY has strengthened despite the fact that Japan's trade deficit widened to a record high in January 2014. Trade deficit stood at JPY 2.79 tn, as imports (+25% YoY) grew faster than exports (+9.5% YoY) last month. Tomorrow, minutes of Bank of Japan monetary policy meet will be released, which will be closely watched.
USD/CHF	0.8868	Bearish	0.8850	0.8905	The Swiss Franc is trading stronger on the back of its safe-haven appeal amidst subdued global equities. USD/CHF is hovering lower at around 0.8868 compared to yesterday's close of 0.8886. Meanwhile, the Franc continues to gain gradually against the Euro, with the EUR/CHF pair (currently at ~1.2200) edging lower in each of the last seven trading sessions. Intraday, markets look forward to Switzerland's foreign trade data.
AUD/USD	0.8947	Bearish	0.8910	0.9005	The Australian Dollar is trading lower today (0.6%), extending yesterday's losses. Meanwhile, weak manufacturing PMI data released from China (Australia's largest export destination) today morning is likely to weigh on the Aussie.

Currency	Current level	Trend	Support	Resistance	Remarks
USD/CAD	1.1078	Bullish	1.1035	1.1110	The Canadian Dollar is trading little changed today morning, albeit holding on to yesterday's losses of 1.2%. However, the losses are likely to remain capped amid recent gains in the North American crude prices, aided by a surge in fuel demand due to cold weather in US. Going ahead, markets would closely watch retail sales and CPI inflation prints due tomorrow for further cues.
Sensex	20,632	Ranged	20,500	20,900	Indian equities opened lower this morning, tracking negative overseas cues. In the absence of any macroeconomic triggers, movement is likely to be stock specific. Going ahead, markets await the weekly meeting of the Cabinet Committee on Economic Affairs (CCEA), due later today.
USD/INR	62.42	Bullish	62.26	62.56	The Rupee opened lower today as risk appetite declined globally after minutes of the US FOMC January meeting showed that many members supported a cut in the Fed's bond purchase programme. Meanwhile, cues from Asia are negative as most Asian share indices were down today while most Asian currencies also moved with a downward bias. Intraday, the Rupee will take cues from domestic equity markets.
Gsec (yield on 8.83% bond 2023)	8.79	Ranged	8.76	8.81	Indian bonds opened slightly weaker in today's trade. The G-Sec market is likely to receive support after the RBI said on Tuesday that it would conduct term repo auctions in March to address the anticipated tightness in systemic liquidity due to the advance tax outflow. In the absence of strong cues, G-Sec market will look for cues from the USDINR movement.
Oil (USD/bbl)	109.9	Ranged	109.2	110.8	WTI is trading around USD 103/bbl, holding on to gains in the previous two sessions. The American Petroleum Institute reported a decline in oil supplies in Cushing, Oklahoma—the WTI delivery point, by 1.85 mn barrels last week. This is attributable to the cold wave in US. Brent, however, is trading lower on profit-booking following recent gains.
Gold (USD/oz)	1,311.3	Ranged	1,290.0	1,330.0	Gold prices are trading little changed today, holding on to yesterday's 0.8% decline. Signs that the Fed would press on with QE tapering weighed on sentiment. Meanwhile, holdings in the SPDR Gold Trust fell by 5.6 MT--the largest decline in two months, to 795.6 MT which also weighed on prices.

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