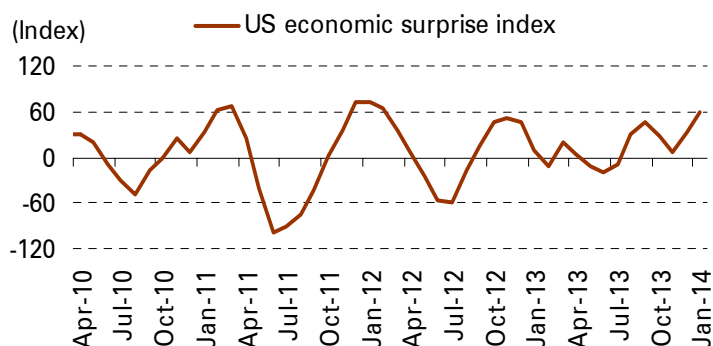


## Chart of the day: Amid positive data surprises, markets await Yellen's testimony to Congress



## Global market snapshot

Global Market roundup				
	Current	1 Day	1 mth	1 Year Ago
Equities return (%)				
Dow Jones	15802	0.0	(3.9)	13.1
FTSE	6592	0.3	(2.2)	5.0
Nikkei	14718	1.8	(7.5)	32.0
Hong Kong	21932	1.6	(4.0)	(5.5)
Sensex	20404	0.3	(1.7)	4.8
10Y Bond yield (bps)				
US	2.67	(1.6)	(19.1)	71.8
UK	2.72	0.7	(15.4)	62.4
Japan	0.61	(1.2)	(9.4)	(15.7)
India	8.70	1.0	(6.0)	84.3
Currencies return (%)				
DXY INDEX	80.55	(0.2)	(0.1)	0.3
EURUSD	1.3667	0.2	(0.0)	1.9
GBPUSD	1.6419	0.0	0.2	4.9
USDJPY	102.18	(0.1)	(0.8)	8.3
USDINR	62.41	0.2	1.4	15.9
Commodity return (%)				
WTI	100.1	0.0	7.9	3.1
Brent	108.7	0.1	1.4	(8.0)
Gold	1284.4	0.8	2.5	(22.1)

## Central bank watch:

- Fed Chairperson Janet Yellen is scheduled to give her first testimony to the US Congress today.**

## Global market developments:

- US benchmark equity indices ended slightly higher yesterday**, aided by gains in pharma and technology stocks. With the corporate earnings season coming to an end, focus is likely to shift back to macroeconomic data releases. Janet Yellen's testimony to the Congress today will be closely watched.
- Asian stocks are trading in the green today morning**, tracking gains in US equities. Shanghai Composite is up 0.50% amid upbeat sentiment following yesterday's slew of sector-specific policy announcements. Kospi and Hang Seng are also up by 0.5% and 1.0% respectively. Australia's ASX is higher by 0.7% following the positive business confidence print released earlier this morning. Meanwhile, markets in Japan are closed for trade today.
- US Treasuries are not trading this morning** on account of a market holiday in Japan. Meanwhile, in yesterday's trade, the 10-year yield had fallen by 2 bps to close at 2.67%.

## Domestic market developments:

- India's merchandise trade data for January, due later today, will be closely watched.** We expect the January trade deficit reading at around USD 10.5 bn.
- Markets await automobile sales data for January**, due to be released later today by SIAM (Society of Indian Automobile Manufacturers).
- Indian equities are trading higher this morning tracking positive global cues.**
- Rupee is trading around 62.40 levels vs. prior close of 62.44 amid broad-based gains in EM currency peers.**

MONDAY February 10					
<div>Country/ Data/ Period/Consensus/ Actual</div> <div>JN   Curr Acc Bal   Dec -685.4 -638.6</div> <div>JN   Trade Bal   Dec -1260 -1213</div> <div>JN   Consumer Conf   Jan 42.0 40.5</div> <div>SZ   Unemp Rate   Jan 3.5 3.5</div> <div>CA   Housing Starts   Jan 185.0 180.2</div>					
TUESDAY February 11					
<div>Country/ Data/ Period/Consensus/ Actual</div> <div>AU NAB Business Confidence Index Jan -- 8</div> <div>Data to be released later today</div> <div>IN Exports (% YoY) Jan -- 3.5</div>					
WEDNESDAY February 12					
<div>Country/ Data/ Period/Consensus/ Prior</div> <div>AU Westpac Consumer Confidence Index Feb -- 103.3</div> <div>JN Machine Orders (%MoM) Dec -4.0 9.3</div> <div>CH Trade Balance (USD bn) Jan 24.1 25.6</div> <div>SZ CPI (%YoY) Jan 0.1 0.1</div> <div>EZ Industrial Production (%MoM) (sa) Dec -0.3 1.8</div> <div>IN Industrial Production (%YoY) Dec -1.0 -2.1</div> <div>IN CPI (%YoY) Jan 9.3 9.9</div>					
THURSDAY February 13					
<div>Country/ Data/ Period/Consensus/ Prior</div> <div>JN Domestic CGPI (%YoY) Jan 2.4 2.5</div> <div>RICS House Price Bal (%) UK Jan 58.0 56.0</div> <div>Employment Change ('000) AU Jan 15.0 -22.6</div> <div>CPI (%YoY) GE Jan F 1.3 1.3</div> <div>Retail Sales Advance (%MoM) US Jan 0.0 0.2</div> <div>Initial Jobless Claims ('000) US Feb -08 330 331</div>					
FRIDAY February 14					
<div>Country/ Data/ Period/Consensus/ Prior</div> <div>CH CPI (%YoY) Jan 2.4 2.5</div> <div>Wholesale Prices (%YoY) IN Jan 5.6 6.2</div> <div>Trade Bal (sa) De c EZ 14.4 16.0</div> <div>GDP (%QoQ) (sa) E Z 4 Q A 0.2 0.1</div> <div>Industrial Production (%MoM ) US Jan 0.2 0.3</div> <div>University of Michigan Confidence Index Feb P US 80.5 81.2</div>					

Currency	Current level	Trend	Support	Resistance	Remarks
DXY	80.55	Bearish	80.40	80.75	The Dollar index is trading weak at 80.55 levels as against previous close of 80.65 amid benign global market conditions. Investors await Yellen's first testimony as Fed Chairperson to Congress later today. Market expects Yellen to provide more clarity on forward guidance and policy response, following the fall in unemployment rate to 6.6%, the lowest since October 2008
EUR/USD	1.3667	Bullish	1.3620	1.3700	Euro continues to strengthen for the fifth consecutive session, currently trading around 1.3667 against the US Dollar (USD), vs. 1.3519 last Tuesday. Notably, the currency has strengthened notwithstanding some disappointing macro-economic data releases yesterday. French industrial production index (IPI) declined 0.3% MoM in December, as against growth of 1.2% in the previous month. Similarly, Italian IPI fell 0.9%, in comparison to +0.3% in November 2013. There is no major data release today. Going ahead, markets will watch for EZ December IPI data due tomorrow.
GBP/USD	1.6420	Bullish	1.6375	1.6460	Sterling is trading marginally stronger today, offsetting slight losses witnessed in yesterday's session. Although there is no significant macro-economic data release this week, the Bank of England (BoE) will release its quarterly inflation report tomorrow. With unemployment rate falling to 7.1% in the quarter ending November 2013 (close to 7% target set in the forward guidance), markets will be interested in BoE's stand on monetary policy. The report will be followed by the Governor's speech, which will be closely watched
USD/JPY	102.15	Ranged	101.70	102.40	Japanese Yen (JPY) is trading slightly stronger from yesterday's close. This is despite the fact that consumer confidence index for January stood at 40.5 in January, lower than last month's reading of 41.3 and much lower than the market consensus of 42.0. Today, machinery orders data for December will be released, along with January money supply. Please note that Japanese banks are closed today on account of National Foundation Day.
USD/CHF	0.8952	Bullish	0.8970	0.9040	The Swiss Franc is trading stronger vis-à-vis the US Dollar for the fifth consecutive trading day amid slight weakness in the greenback. USD/CHF is hovering around 0.8952 vs. yesterday's close of 0.8962. Meanwhile, Franc has also strengthened slightly against the Euro since yesterday as SNB data showed sight deposits (cash balances with SNB) of Swiss banks increased last week, suggesting a possible rise in forex inflows. EUR/CHF is currently hovering around 1.2234 vs. yesterday's high of 1.2252. Meanwhile, unemployment data released yesterday showed a flat reading of 3.5% and had little impact on currency markets.
AUD/USD	0.9009	Bullish	0.8970	0.9040	The Australian Dollar is trading higher against the US Dollar. Earlier today, the Aussie touched a 4-week high of 0.9015 after business confidence rose for the first time in 4 months and house prices increased. Going ahead, markets will look forward to employment data, due later this week, for further cues.

Currency	Current level	Trend	Support	Resistance	Remarks
USD/CAD	1.1081	Ranged	1.1050	1.1120	The Canadian Dollar is trading slightly weaker against the US Dollar at around 1.1081 compared to prior close of 1.1055, extending yesterday's losses. Meanwhile, Canada's housing starts data, released yesterday, lagged estimates. Markets now look forward to monetary policy-related events in largest trading partner US for possible cues.
Sensex	20,380	Ranged	20,250	20,450	Indian equities opened higher today morning, tracking positive global cues. Market will focus on the series of macro data releases, through the course of the week for further cues on the market.
USD/INR	62.40	Ranged	62.35	62.50	Indian Rupee opened stronger at 62.37 levels as against previous close of 62.44. Market will look for cues from the trade data scheduled to release later today for further cues. The strength reflects the benign risk environment as suggested by appreciation bias for EM currency peers. Intraday, INR is likely to take cues from movement in domestic equities.
Gsec (yield on 8.83% bond 2023)	8.70%	Ranged	8.67%	8.73%	Indian Government bonds opened flat today morning. Market sentiment is likely to remain strong as fresh supply of dated securities is coming to an end for FY2014. Market will look for cues from a series of data including industrial production, WPI and CPI inflation, scheduled to release later this week.
Oil (USD/bbl)	108.7	Ranged	108.0	109.0	Crude oil prices are trading higher this morning amid signs that demand from US will continue to be robust, given the persisting cold weather conditions. The US National Weather Service yesterday predicted a winter storm in the south of the nation. Going ahead, markets will look forward to the American Petroleum Institute's weekly report on US crude stockpiles, due today.
Gold (USD/oz)	1,284.0	Bullish	1,278.0	1,295.0	Gold prices are trading higher this morning, buoyed by firm demand from China. Prices this morning had risen to USD 1287/oz, the highest this year. Meanwhile, volumes for spot bullion at the Shanghai Gold Exchange rose to the highest level since May yesterday.

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