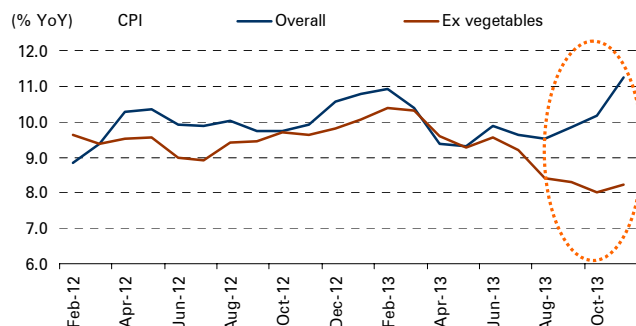


Chart of the day: CPI inflation spikes on rising vegetable prices



Global market snapshot

Global Market roundup				
	Current level	1 Day	1 mth	1 Year Ago
Equities return (%)				
Dow Jones	15739	(0.7)	(0.5)	19.5
FTSE	6445	(1.0)	(2.8)	8.7
Nikkei	15466	0.8	6.2	58.7
Hong Kong	23318	0.4	3.8	3.9
Sensex	20835	(0.4)	3.2	8.3
10Y Bond yield (bps)				
US	2.88	0.2	18.0	114.9
UK	2.90	3.5	9.4	107.6
Japan	0.69	2.6	8.9	(4.0)
India	8.92	7.1	(0.2)	76.0
Currencies return (%)				
DXI INDEX	80.23	0.4	(0.9)	0.4
EURUSD	1.3754	(0.2)	2.0	5.2
GBPUSD	1.6347	(0.2)	1.8	1.5
USDJPY	103.77	1.3	4.6	24.1
USDINR	62.15	1.5	(1.9)	14.1
Commodity return (%)				
WTI	97.5	0.0	3.9	13.6
Brent	108.8	0.1	1.5	0.8
Gold	1227.5	0.2	(4.2)	(27.7)

On the Radar:

Macroeconomic data prints from India were negative. India's November CPI inflation rose to 11.24% YoY, surpassing consensus of 10.00%. Industrial production reading for October was lower at (-)1.8% YoY vs. consensus (-)1.2% YoY.

The US House of Representatives yesterday passed the budget deal that seeks to avert an October-type Government shutdown and would ease USD 63 bn in automatic spending cuts in the next two years. The deal now awaits approval from the US Senate

Central Bank watch: The **Swiss National Bank** and **Central Bank of Indonesia** kept their respective policy rates unchanged in their policy meetings yesterday.

Global market developments

- US stocks ended lower yesterday** as upbeat retail sales data fuelled speculation of an early QE-tapering by the Fed. Dow Jones ended lower by 0.66% and S&P 500 closed down by 0.38%.
- Asian stocks are trading mixed this morning.** Shanghai Composite and Kospi are down by 0.6% and 0.4% respectively. However, the Nikkei is up by 0.4% amidst a weaker Yen. Australia's ASX is up by 0.5% amidst speculation of possible rate cuts by the RBA going ahead.
- US Treasuries are holding on to most of overnight gains.** The 10-year benchmark yield rose by 4 bps yesterday from an intraday low of 2.84% to end the session at 2.88% amidst expectation of early QE-tapering ahead of FOMC policy meeting due next week. 10-year yield is currently hovering around 2.87%.

Domestic market developments

- Indian stocks are down by 0.5% amidst higher inflation print and weak overseas cues**
- The Indian Rupee opened weaker at 62.10 vs. yesterday's close of 61.83**

MONDAY December 9	TUESDAY December 10	WEDNESDAY December 11	THURSDAY December 12	FRIDAY December 13
Sunday, December 8th Country/ Data/ Period/ Consensus/ Actual CH Trade Bal (USD bn) Nov 21.2 33.8 Country/ Data/ Period/ Consensus/ Actual JN Curr. A/C (JPY bn) (adj) Oct 120.7 -59.3 JN Trade Bal (JPY bn) Oct -1004 -1092 JN GDP (%QoQ) (sa) (ann) 3Q F 1.6 1.1 CH CPI (%YoY) Nov 3.1 3.0 SZ Unemployment Rate (%) Nov 3.2 3.2 GE Curr. A/C Balance (EUR bn) Oct 17.1 19.1 CA Housing Starts ('000) Nov 195.0 192.2	Country/ Data/ Period/ Consensus/ Actual AU NAB Business Confidence Index Nov 5.0 5.0 JN Cons Conf Index Nov 43.0 42.5 CH Industrial Prod (%YoY) Nov 10.1 10.0 CH Retail Sales (%YoY) Nov 13.3 13.7 UK Industrial Prod (%MoM) Oct 0.3 0.4 UK Trade Bal (GBP mn) Oct -2800 -2619	Country/ Data/ Period/ Consensus/ Actual AU Westpac Consumer Conf. Index Dec -- 105 JN Machine Orders (%MoM) Oct 0.7 0.6 JN Domestic CGPI (%YoY) Nov 2.7 2.7 GE CPI (%YoY) Nov F 1.3 1.3	Country/ Data/ Period/ Consensus/ Actual NZ RBNZ Policy Dec-12 2.5 2.5 AU Employment Change ('000) Nov 10.0 21 ID Bank Indonesia reference rate (%) Dec-12 7.50 7.50 SZ SNB Policy rate (%) Dec-12 0.00-0.25 0.00-0.25 EZ Industrial Prod (%MoM) (sa) Oct 0.3 -1.1 IN CPI (%YoY) Nov 10.0 11.2 IN Industrial Production (%YoY) Oct -1.2 -1.8 US Retail Sales Advance (%MoM) Nov 0.6 0.7 US Initial Jobless Claims ('000) Dec-07 320 368	Country/ Data/ Period/ Consensus/ Prior JN Industrial Prod (%MoM) Oct F -- 0.5

Currency	Current level	Trend	Support	Resistance	Remarks
DXY	80.21	Bullish	80.10	80.45	The US Dollar is holding on to overnight gains, as an upbeat retail sales data print added to bets on early QE-tapering. Meanwhile, the US House of Representatives yesterday passed the budget deal that seeks to avert an October-type Government shutdown and would ease USD 63 bn in automatic spending cuts in the next two years. The deal now awaits approval from the US Senate. Markets now look forward to FOMC meeting next week for further cues.
EUR/USD	1.3760	Bearish	1.3700	1.3835	Euro has weakened from its yesterday's high of 1.3803 against USD and currently trading at close to 1.3760. EZ industrial production index (IIP) posted a decline of 1.1% MoM in October 2013, marking its highest decline since September 2012. The actual reading is much lower than the market's expectation of +0.3%. Besides, French inflation was confirmed at 0.8% YoY (flat MoM) in November 2013, as against 0.7% YoY (-0.1% MoM) in October. Today, Q3 2013 labour data is scheduled to be released, which will be closely watched.
GBP/USD	1.6360	Bearish	1.6280	1.6380	The Sterling has also weakened towards 1.6360, as against yesterday's high of above 1.64 against USD. In line with the fact that the week was very light in terms of macro-economic data releases, the pound also appears to have moved in a narrow range this entire week. Notably, Chancellor of the Exchequer George Osborne, in his speech yesterday, stated that the Bank of England has done a better job than some central banks at giving forward guidance, while Governor Carney goes out of his way to clearly communicate his decisions, which is necessary. The next week will be a busy week, as number of data prints including inflation, retail sales, budget and labour markets etc will be published.
USD/JPY	103.65	Bullish	103.20	103.80	The Yen has weakened sharply from yesterday's close/high of 102.39 to the current level of 103.65. The markets are eagerly waiting for Japan's October industrial production, which will be released in sometime. The market expects it to grow 0.5% MoM, as against 1.3% growth in the previous month. Besides, Tankan large manufacturing index for Q4 2013 will be released on Monday, which will be closely watched.
USD/CHF	0.8896	Bullish	0.8860	0.8920	USD/CHF is currently trading higher around 0.8896 compared to yesterday's intraday low of 0.8848 amidst broad Dollar-strength. The EUR/CHF (~1.2236) has inched higher from yesterday's low of 1.2201 as the Swiss National Bank (SNB) stressed its commitment to defend the EUR/CHF floor at 1.20 in its policy statement yesterday. Meanwhile, the SNB kept the policy rate unchanged at 0-0.25%, in line with expectations.
AUD/USD	0.8956	Bearish	0.8890	0.8990	The Australian Dollar is trading slightly higher at around 0.8956 vs. yesterday's close of 0.8937, albeit holding on to most of yesterday's 1.2% decline. The Aussie continues to remain under pressure amidst persistent dovish rhetoric from the Reserve Bank of Australia (RBA). RBA Governor Stevens commented yesterday that he would favour a weaker currency and would prefer 0.85-levels for AUD/USD pair compared to 0.95-levels.

Currency	Current level	Trend	Support	Resistance	Remarks
USD/CAD	1.0605	Bullish	1.0620	1.0690	The Canadian Dollar is trading flat around 1.0640 levels after having depreciated by 0.5% vis-à-vis the US Dollar yesterday. Meanwhile, the Bank of Canada Governor said yesterday that the Central Bank sees interest rates on hold for 'quite some time'.
Sensex	20,840	Ranged	20,600	20,100	Indian equities gapped down in trade today, partly on mixed global cues and partly on weaker domestic macro data. While growth prospects remain weak (IP contracted by 1.8% YoY in October), inflationary trend remains persistently high. On the global front, the rising odds of a Fed QE tapering in December policy meeting, is weighing on market sentiment.
USD/INR	62.12	Ranged	61.88	62.42	Indian Rupee opened weaker in trade today, after CPI inflation data spiked in November, raising expectation of a rate hike in RBI's policy meeting next week. The Rupee was last trading at 62.12 levels as against previous close of 61.81 levels. On an intraday basis, performance of the domestic equities will provide cues to the Rupee.
Gsec (yield on 8.83% bond 2023)	8.92%	--	--	--	The benchmark 10Y bond yield opened up by 7 bps at 8.92% amidst increasing speculation that the RBI may resort to tightening at the December policy meeting in the backdrop of a sharp rise in CPI. The November CPI print came in at 11.24% YoY, which was a record high as compared to 10.17% in October. Most of this increase was on account of vegetables prices. Meanwhile, the RBI will conduct term repo worth INR 485 bn today including additional INR 100 bn.
Oil (USD/bbl)	108.78	Ranged	108.50	110.60	The Brent oil price (currently USD 108.78/bbl, +0.1%) is holding on to most of yesterday's 0.94% drop as possible resumption of oil exports from Libya eased supply-related concerns. On the other hand, US crude prices continue to remain supported as US crude oil inventories fell last week. WTI is trading flat around USD 97.50/bbl.
Gold (USD/oz)	1,228.9	Ranged	1,210.0	1,250.0	Spot gold price is currently hovering slightly higher around USD 1,228.91/oz (+0.3%), albeit holding on to most of yesterday's 2.1% decline amidst QE-tapering concerns. Data released yesterday showed that gold holdings with SPDR Trust fell by 2.1 metric tonnes on Wednesday, further weighing on prices.

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