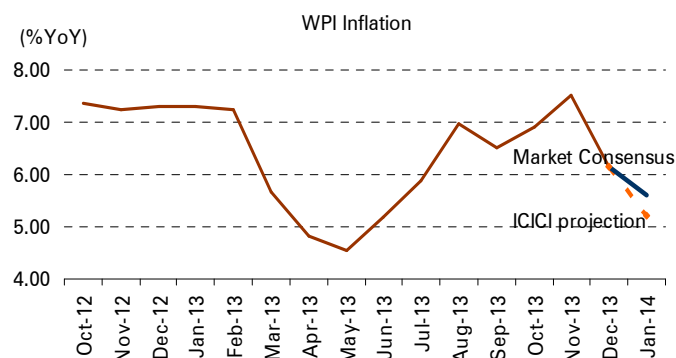


## Chart of the day: India's WPI inflation to ease in January



## Global market snapshot

Global Market roundup				
	Current	1 Day	1 mth	1 Year Ago
Equities return (%)				
Dow Jones	16028	0.4	(2.1)	14.7
FTSE	6659	(0.2)	(1.6)	5.2
Nikkei	14304	(1.6)	(7.3)	26.5
Hong Kong	22254	0.4	(2.4)	(5.0)
Sensex	20185	(0.0)	(4.0)	3.5
10Y Bond yield (bps)				
US	2.71	(1.8)	(15.7)	71.7
UK	2.79	(2.8)	(3.7)	58.2
Japan	0.60	(0.8)	(6.1)	(17.2)
India	8.84	(2.6)	12.9	102.2
Currencies return (%)				
DXY INDEX	80.23	(0.6)	(0.5)	(0.3)
EURUSD	1.3679	0.6	0.0	2.4
GBPUSD	1.6655	0.4	1.3	7.5
USDJPY	101.77	(0.7)	(2.4)	9.6
USDINR	62.35	0.4	1.4	15.6
Commodity return (%)				
WTI	100.3	(0.1)	8.3	3.1
Brent	108.5	(0.0)	2.0	(8.1)
Gold	1306.2	0.3	4.9	(20.1)

## On the radar:

- Markets await India's January WPI inflation print (ICICI projection:5.2%YoY, market consensus:5.6%YoY), prior reading 6.16%YoY.

## Central Bank watch:

- The Bank of Indonesia left its policy rate unchanged at 7.5% yesterday.

## Global market developments:

- US benchmark equity indices ended in the green yesterday**, amid better than expected corporate earnings results. Meanwhile, Comcast Corp. decided to buy Time Warner Cable Inc for USD 45.2 bn, which also added to the gains. Dow Jones ended higher by 0.40% and S&P 500 ended up by 0.58%.
- Asian stocks are trading mixed today morning**. Hang Seng is trading higher by 0.52%, led by gains in information technology companies. Meanwhile, Shanghai Composite is up by 0.23% amid gains in consumer companies. However, Nikkei is trading lower by 0.69%, led by losses in developer stocks.
- US Treasuries are trading flat today morning, holding on to yesterday's gains amid weak US retail sales print**, which boosted the safe haven demand for Treasuries. Meanwhile, the bid-to-cover ratio in yesterday's auction of 30-year bonds came in at 2.27 vs. an average of 2.40 in past 10 sales. The 10-year benchmark yield fell from an intraday high of 2.78% yesterday, to end the session at 2.73%.

## Domestic market developments:

- The telecom spectrum auction reportedly attracted around INR 600 bn worth bids yesterday.
- Indian equities are trading higher today, led by positive overnight cues from the US markets.
- Indian government bonds are trading a tad higher today amid expectation of a benign WPI inflation reading.

## Data releases this week

MONDAY February 10						TUESDAY February 11						WEDNESDAY February 12						THURSDAY February 13						FRIDAY February 14						
Country/ Data/ Period/Consensus/ Actual						Country/ Data/ Period/Consensus/ Actual						Country/ Data/ Period/Consensus/ Actual						Country/ Data/ Period/Consensus/ Actual						Country/Data/ Period/Consensus/ Actual						
JN	Curr Acc Bal	Dec	-685.4	-638.6		AU	NAB Business Confidence Index	Jan	--	8		AU	Westpac Consumer Conf Index	Feb	--	100.2		JN	Domestic CGPI (%YoY)	Jan	2.4	2.4			CH	CPI (%YoY)	Jan	2.4	2.5	
JN	Trade Bal	Dec	-1260	-1213		IN	Exports (% YoY)	Jan	--	3.8		JN	Machine Orders (%MoM)	Dec	-4.0	-15.7		UK	RICS House Price Bal (%)	Jan	58	53			Data to be released later today Country/Data/ Period/Consensus/ Actual					
JN	Consumer Conf	Jan	42.0	40.5		IN	Trade deficit (USD bn)	Jan	--	9.9		CH	Trade Balance (USD bn)	Jan	24.1	31.86		AU	Employment Change ('000)	Jan	15.0	-3.7			IN	Wholesale Prices (%YoY)	Jan	5.6	6.2	
SZ	Unemp Rate	Jan	3.5	3.5								SZ	CPI (%YoY)	Jan	0.1	0.1		GE	CPI (%YoY)	Jan F	1.3	1.3			EZ	Trade Bal (sa)	Dec	14.4	16.0	
CA	Housing Starts	Jan	185.0	180.2								EZ	Industrial Prod (%MoM) (sa)	Dec	-0.3	-0.7		US	Retail Sales Advance (%MoM)	Jan	0.0	-0.4			EZ	GDP (%QoQ) (sa)	4Q A	0.2	0.1	
												IN	Industrial Prod (%YoY)	Dec	-1.2	-0.6		US	Initial Jobless Claims ('000)	Feb-08	330	339			US	Industrial Production (%MoM)	Jan	0.2	0.3	
												IN	CPI (%YoY)	Jan	9.2	8.8								US	University of Michigan Confidence Index	Feb P	80.5	81.2		

Currency	Current level	Trend	Support	Resistance	Remarks
DXY	80.23	Bearish	80.05	80.50	Dollar index is trading weaker today at 80.23 as against previous close of 80.32, marking the lowest level in more than a month. Winter storm swept across the U.S. over the last two months has led to weakness in retail sales, manufacturing and employment data prints. Market will look for cues from the Industrial production and University of Michigan consumer confidence data, scheduled to release later today.
EUR/USD	1.3680	Bullish	1.3640	1.3735	Euro is trading largely flat from yesterday's close, retaining gains of 0.65% in the previous trading session. Germany released its final January inflation data yesterday, which stood at 1.2% YoY, unchanged from flash estimates. EZ Q4 GDP data will be released today, along with flash estimate for Germany Q4 GDP. The market expects EZ to grow 0.2% QoQ in Q4 2013, marking its third consecutive growth and following a growth of 0.1% in Q3 2013.
GBP/USD	1.6652	Bullish	1.6615	1.6690	Sterling (GBP) is currently trading marginally weaker, following three consecutive sessions of strength against the US Dollar (USD). Construction output data for December 2013 will be released today, which will help us get a clearer picture on Q4 GDP, which, according to preliminary estimates, grew 0.7% QoQ in Q4 2013. Next week, though, is extremely data heavy for UK, beginning with January inflation on Tuesday, followed by labour market, public finances etc.
USD/JPY	101.67	Bearish	101.65	102.40	Japanese Yen (JPY) is trading weaker today for the third consecutive session. A lot of important macro-economic data is due next week. Q4 GDP will be released on Monday, which will be followed by industrial production, Bank of Japan monetary policy etc. Japan is expected to grow 0.7% QoQ in Q4, marking its fifth consecutive quarterly growth before VAT hike takes place in April, while merchandise trade is expected to post a record deficit in January.
USD/CHF	0.8941	Bearish	0.8900	0.8970	Swiss Franc (CHF) is trading largely unchanged from yesterday's close, holding on its 0.8% gain yesterday. CHF is trading stronger against Euro around 1.2217, marking its third consecutive strength in as many sessions. According to Producers' Price Index (PPI) released yesterday, it declined 0.3% YoY (flat MoM) in January 2014, slightly lower than market consensus of a fall of 0.4%.
AUD/USD	0.8998	Ranged	0.8965	0.9032	After weakening ~0.5% yesterday, Aussie (AUD) is trading slightly stronger today, paring a portion of yesterday's losses. It, however, continues to weaken against JPY for the third consecutive session, currently trading at 91.64. Markets will be closely looking at Westpac leading index, which will be released on Monday. Besides, minutes of recent monetary policy meet of Reserve Bank of Australia (RBA) will be released on Wednesday.

Currency	Current level	Trend	Support	Resistance	Remarks
USD/CAD	1.0959	Bearish	1.0910	1.0980	Following a fall of ~0.2% yesterday, Canadian Dollar (CAD) is trading lower today also, marking its fourth consecutive weakness. New housing prices grew 0.1% MoM (1.3% YoY) in December 2013, matching market consensus. Although next week is largely quiet in terms of macro-economic data releases, January inflation and December retail sales will be released next Friday, which will be closely watched.
Sensex	20,207	Mildly bearish	20,000	20,350	Indian equities are trading higher today, led by positive overnight cues from the US markets. Domestically, market will look for cues from the WPI inflation data, scheduled to release later today. On the earnings front, results of SBI and SAIL will be closely watched.
USD/INR	62.35	Bearish	62.08	62.40	Indian Rupee opened stronger at 62.24 levels as against previous close of 62.44. The intraday outlook is bullish amid benign global market conditions. Besides, we expect inflation to be lower at 5.2% YoY in January as against market expectation of 5.6% YoY. Lower WPI inflation is likely to aid sentiment.
Gsec (yield on 8.83% bond 2023)	8.84%	Ranged	8.80%	8.88%	Indian government bonds are trading a tad higher today amid expectation of a benign WPI inflation reading. However, market will remain cautious ahead of the interim budget to be presented on coming Monday. The 10-year benchmark bond yield was down as much as 5 basis points in early trade.
Oil (USD/bbl)	108.44	Bearish	107.50	109.50	US crude oil prices are heading for a fifth weekly gain, the longest rally in a year, as a U.S. winter storm bolstered energy demand in the world's biggest oil consumer. As per EIA report, inventories declined by 731,000 barrels to 113.1 million in the week ending Feb. 7. WTI for March delivery was at USD 100.29/barrel while Brent is trading at USD108.47/barrel.
Gold (USD/oz)	1,304.94	Bullish	1,285.0	1,315.0	Gold headed for the biggest weekly advance since October as weaker U.S. economic data led to weakness in the Dollar. Gold is last trading at USD 1,306.1/oz, the highest price since Nov. 8. Assets in the SPDR Gold Trust expanded 0.9% to 806.35 metric tons, the highest level since Dec. 20.

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