

Key Developments:

- In response to Singapore inflation rising to a 8-year higher, the Monetary Authority of Singapore (MAS), in an unscheduled meeting, tightened policy by “raising slightly the rate of appreciation” of the main currency band, while keeping its width and center unchanged. This was the first unscheduled action since 2015.
- The Bank of France Governor Francois Villeroy de Galhau said that the ECB will need to normalize policy gradually to avoid hurting growth while not acting too late.
- Shimao Group Holdings Ltd. has put 34 projects across China up for sale, as the embattled developer seeks to raise billions of dollars amid mounting debt repayment pressures while China Evergrande Group urged offshore bondholders not to adopt aggressive legal action over repayments and asked for more time to make a risk disposal plan, after a group of overseas creditors threatened enforcement measures.
- The North Atlantic Treaty Organization said it would boost its deployments in Eastern Europe in a bid to deter a new Russian invasion in Ukraine as the Pentagon announced it has put 8,500 troops on heightened alert. Russian President Vladimir Putin has denied he is planning an attack.
- Yemen’s Iranian-backed Houthi group targeted the United Arab Emirates on Monday for the second time in a week, stoking tensions in the oil-exporting region even as the Gulf nation and US forces said they had intercepted the threat.
- Australia’s core consumer prices came in at 2.6% YoY in Q42021 surpassing the midpoint of the Reserve Bank’s 2-3% target for the first time since June 2014, raising expectations of the RBA moving towards policy normalization.
- Communications and IT Minister said that the telecom department will not interfere in matters related to mobile phone manufacturing. His comments came amid the industry’s apprehensions that there could be heavy regulations if the Department of Telecom decides to control the mobile manufacturing activities.
- Lok Sabha and Rajya Sabha to meet at separate times of a day for five hours each to ensure Covid-19 distancing norms during the Budget Session beginning 31 January.

Global Market Developments:

- **GE:** Preliminary Manufacturing PMI for January is at 60.5 vs 57.4 in December, above market expectations. Preliminary Services PMI for January is at 52.2 vs 48.7 in December, above market expectations.
- **EC:** Preliminary Manufacturing PMI for January is at 59 vs 58 in December, above market expectations. Preliminary Services PMI for January is at 51.2 vs 53.1 in December, below market expectations.
- **UK:** Preliminary Manufacturing PMI for January is at 53.3 vs 57.9 in December, below market expectations. Preliminary Services PMI for January is at 56.9 vs 53.6 in December, above market expectations.
- **US:** Preliminary Manufacturing PMI for January is at 55 vs 57.6 in December, below market expectations. Preliminary Services PMI for January is at 50.9 vs 57.6 in December, below market expectations. Chicago Fed National Activity Index for December is at -0.15 vs 0.44 in November.
- **AU:** NAB Business confidence value for December was at -12 vs 12 for November.
- **US stock markets ended higher in the previous trading session.** S&P500 (+0.28%), Dow Jones (+0.29%) were in positive.
- **Asian stock markets are trading negative today.** ASX-200 (-2.86%), Shanghai Composite Index (-0.51%), Kospi (-2.03%), Hang Seng (-2.27%), Nikkei (-2.01%) are in negative.
- **US treasuries are trading higher.** The 10-Year US yield is trading higher at 1.763% vs. previous close of 1.776%.

Domestic market developments:

- **The Indian Rupee appreciated to 74.59 level against the US dollar in the previous trading session.**
- **The Indian bond markets closed lower with the yield on the benchmark 10-year sovereign bond closing at the 6.652% in the previous session.**

	Remarks
DXY	DXY is trading flat at 95.91. Dollar remains under pressure amid cautious market mood ahead of Fed policy meeting and escalating geopolitical tensions.
EUR/USD	The pair is trading flat at 1.1320 reflecting risk-off market mood as manufacturing PMI came better than expected while services PMI data disappointed. Going ahead, the pair is likely to see further downside amid cautious market mood ahead of Feb policy meeting.
GBP/USD	The Pair is trading flat at 1.3481 as the Russian and Ukraine crisis escalates. In addition, UK political issues weighed on GBP. Meanwhile, UK's IHS Markit PMI for January came worse than expected exerting pressure on GBP.
USD/JPY	The pair is trading lower at 113.83 by 0.09% amid fears of widespread virus-linked quasi-emergency conditions in Japan. Meanwhile, Japan Jibun Bank manufacturing PMI climbed four-year high in January. Going forward, we see further downside for the pair.
USD/CNY	The pair is trading lower at 6.3293 level, by 0.03% amid rising inflows in Chinese markets, especially in Government debt. The PBOC has set the reference rate at 6.3418 vs previous fix of 6.3411.
AUD/USD	The pair is trading higher at 0.7149 level, by 0.13% in response to Australia's stronger-than-expected inflation figures. Though expectations of rate hike by Fed and current geo-political scenario could exert downward pressure on the pair going forward.
USD/CAD	The pair is trading higher at 1.2644 level, by 0.08% amid rising demand for safe haven assets and investors' caution ahead of BoC interest rate decision tomorrow. Meanwhile WTI price is currently showing a rise, after a substantial fall in yesterday's session.
Indian Equities	Benchmark indices have opened lower today tracking the losses in global markets, continuing the momentum from Monday. Equity markets fell in Asia, tracking the US market, which fell due to caution ahead of the outcome of the Fed's meeting due later this week.
Indian Rupee	Rupee may open lower against USD today as the greenback remained steady against a basket of major currencies in early Asian trade today ahead of the US Federal Reserve's January policy meeting later this week for more clarity on the outlook for interest rate hikes. However, RBI's intervention may curb any sharp movement in the pair.
India G-Sec	Government bond prices may open steady today in the absence of significant cues, with traders keenly awaiting the outcome of the Fed's meeting for further cues on rate hikes in the US. Prices may be under pressure due to heavy supply of bonds in a truncated week.
Oil (Brent) (USD/bbl)	Global crude oil prices trading higher, regaining some of the ground lost in the previous day's sharp losses, on concerns over possible supply disruptions amid rising geopolitical tensions in both Eastern Europe and the Middle East. Brent crude prices are trading at USD 86.57/bbl.
Gold (USD/oz)	Gold prices are trading flat as investors looked for interest rate hike cues from the US Fed's meeting, while safe-haven bullion was buoyed by risk-off trades over concerns of Russia-Ukraine discord. Gold is trading at USD 1840.50/oz.

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