

Key Developments:

- Federal Reserve officials broadly agreed last month they should start reducing emergency pandemic support for the economy in mid-November or mid-December amid increasing concern over inflation. "Participants generally assessed that, provided that the economic recovery remained broadly on track, a gradual tapering process that concluded around the middle of next year would likely be appropriate," minutes of the September 21-22 Federal Open Market Committee meeting released Wednesday said.
- Singapore's central bank unexpectedly tightened monetary policy on Thursday, saying the move would ensure medium-term price stability amid mounting cost pressures caused by supply constraints and the global recovery. It adjusts its policy via three levers: the slope, mid-point and width of the policy band. The Monetary Authority of Singapore (MAS) said on Thursday it would raise slightly the slope of the policy band, from zero percent previously. The width of the band and the level at which it is centered will be unchanged, it said.
- A further developer downgrade hit China's embattled real estate sector, as S&P Global Ratings cut Greenland Holding Group Co., saying impaired funding access will limit its ability to weather the slump. While S&P still expects the company to manage upcoming maturities, it lowered the long-term issuer rating to B+ from BB with a negative outlook and said cash could continue to deplete over the next 12 months due to weaker sales and cash collection.
- The European Union and the U.K. braced for a new round of negotiations over trade barriers in Northern Ireland, after a British challenge and fresh concessions from the bloc signaled glimmers of progress in defusing tensions.
- Bank of Japan board member Asahi Noguchi emphasised the need for the central bank to "patiently continue" its current monetary easing as it takes a long time to achieve its 2% inflation target. In a speech, Noguchi sounded cautiously optimistic on Japan's economic outlook, saying its recovery will become clearer from the year-end onwards as vaccine rollouts help to ease the effects of the COVID-19 pandemic.
- PM Modi launches Gati Shakti plan to streamline infra development and urged all state governments to be associated with the plan
- FM Nirmala Sitharaman, at an event held in Harvard Kennedy School, commented that India is expected to record close to double-digit growth in FY2022
- Govt cuts import duty, agri cess on key edible oils in a bid to check the rising prices

Global Market Developments:

- **CH:** China export rose to 28.1% YoY in September from 25.6% YoY in August. Imports fell to 17.6% YoY in September from 33.1% YoY in August. Trade balance rose to USD 66.76 bn in September from USD 58.34 bn in August.
- **UK:** Industrial production rose to 0.8% MoM in August from 0.3% MoM in July. Trade balance widen to deficit of GBP 3.7 bn in August from GBP 2.9 bn in July.
- **GE:** German CPI rose to 4.1% in September from 3.9% in August, meeting the estimate.
- **EC:** Industrial production fell to -1.6% MoM August from 1.4% MoM in July.
- **US:** CPI ex food and energy remain unchanged at 4% YoY in September. While CPI rose to 5.4% YoY in September from 5.3% YoY in August.
- **US stock markets ended higher in the previous trading.** S&P-500 (+0.30%) and Dow Jones (0.00%)
- **Asian stock markets are trading higher this morning.** Australia ASX-200 (+0.99%), Kospi (+1.06%), Nikkei (+1.05%), Hang Seng (+0.23%) are in positive and Shanghai Composite Index (-0.37%) are in negative.
- **US treasuries are trading lower this morning.** The 10 Year US yield is trading at 1.553% vs the previous close of 1.547%.

Domestic market developments:

- **The Indian Rupee closed lower at the 75.29 level against the US dollar in the previous trading session.**
- **The Indian bond markets closed higher with the yield on the benchmark 10-year sovereign bond closing at the 6.314% in the previous session.**

	Remarks
DXY	The Dollar Index is trading lower at 94.060 level, by 0.02% in response to the FOMC minutes that indicate tapering is likely to commence this year, strengthened by the higher than expected CPI numbers. Investor focus will await the Jobless claims data today, and we expect the Index to remain bearish in the near term.
EUR/USD	The pair is trading marginally higher at 1.1593 level, by 0.01% with industrial production exceeding expectations and a weakening US Dollar. Investor focus will be on developments in the US.
GBP/USD	The pair is trading higher at 1.3666 level, by 0.05% with Industrial production exceeding market expectations, news of EU's plan to reduce post-Brexit check on goods and low US Treasury yields undermining demand for USD Dollar. Though supply side constraints and rising price levels could keep a cap on GBP.
USD/JPY	The pair is trading higher at 113.53 level, by 0.26%, despite a fall in US Treasury yields. BoJ member Noguchi stating that monetary easing is not an option as the aim is to achieve the 2% inflation target. Investor focus will be on Japan Industrial production and US Jobless claims data today.
USD/CNY	The pair is trading at 6.4359 level, by 0.15%, with China's inflation below market expectation acting as a headwind for CNY. The PBOC has set the Yuan at 6.4414 vs the previous fix of 6.4612.
AUD/USD	The pair is trading lower at 0.7377 level, by 0.02% with China's CPI data below market expectations and mixed Australian employment data. The pair is expected to stay bearish in the near term, with investor focus on US Jobless claims data today.
USD/CAD	The pair is trading lower at 1.2433 level, by 0.7% due to lower US yields, high WTI prices and expectations of rate hikes by BoC. We expect the pair to stay bearish in the near term.
Indian Equities	Benchmark indices are likely to open high supported by gains in IT stocks and the overall upbeat domestic underlying sentiment are likely to aid further gains.
Indian Rupee	Indian Rupee may open higher against the dollar as the US dollar index fell sharply in early Asian trade today against a basket of major currencies and US treasury yields on the 10 year benchmark note dipped. Any sharp appreciation in the Rupee may be limited by persistent RBI interventions.
India G-Sec	Government bond prices may open steady ahead of the weekly gilt auction to be held today even as US treasury yields on their 10 year benchmark dipped. Market is expected to remain cautious on a truncated week.
Oil (Brent) (USD/bbl)	Global crude oil prices are trading higher, reversing previous losses, on expectations that high natural gas prices as winter approaches may drive a switch to oil to meet heating demand needs. Prices were also supported by concerns about supply tightness after the U.S. Energy Information Administration (EIA) said on Wednesday that crude oil output in the United States, the world's biggest producer, is going to decline in 2021 more than previous forecast. Brent crude prices are trading at USD 83.60/barrel.
Gold (USD/oz)	Gold prices are trading flat post overnight rally as benchmark U.S. 10-year Treasury yields pulled back from a more than four-month high, reducing the opportunity cost of holding non-interest bearing gold. Minutes from the Federal Reserve's September meeting showed the central banks could start reducing its crisis-era support for the U.S. economy by mid-November, but policymakers remained split over how big of a threat high inflation represents and how soon they may need to raise rates in response. Gold is trading at USD 1790.00/oz.

ICICI Bank: ICICI Bank Towers, Bandra Kurla Complex, Mumbai- 400 051. Phone: (+91-22) 2653-1414

Economics Research Group			
Economics Research			
Sameer Narang	Head of Economic Research	(+91-22) 4008-1414 (ext. 6273)	sameer.narang@icicibank.com
Shivom Chakravarti	Senior Economist—Global Markets	(+91-22) 4008-1414 (ext. 6273)	shivom.chakravarti@icicibank.com
Dr.Sudarshan Bhattacharjee	Senior Economist—India Markets	(+91-22) 4008-1414 (ext. 6708)	sudarshan.bhattacharjee@icicibank.com
Debomitra Sen	Research analyst	(+91-22) 4008-1414 (ext. 8161)	debomitra.sen@icicibank.com
Aniket Gaikwad	Research Analyst	(+91-22) 2653-1414 (ext. 8161)	aniket.gaikwad@icicibank.com
Kaushal Aryan	Research Analyst	(+91-22) 2653-1414 (ext. 7249)	kaushalkumar.aryan@icicibank.com
Asha Sasikumar	Research Analyst	(+91-22) 2653-1414 (ext. 7249)	asha.sasikumar@icicibank.com
Sarbartho Mukherjee	Research Analyst	(+91-22) 2653-1414 (ext. 7249)	sarbartho.mukherjee@icicibank.com
Jyoti Sharma	Research Analyst	(+91-22) 2653-1414 (ext. 7249)	sharma.jyoti@icicibank.com
Tanisha Ladha	Research Analyst	(+91-22) 2653-1414 (ext. 7309)	tanisha.ladha@icicibank.com
Nihal Kumar	Research Analyst	(+91-22) 2653-1414 (ext. 7309)	nihal.kumar@icicibank.com
Aditya Sharma	Research Analyst	(+91-22) 2653-1414 (ext. 7309)	sharma.adi@icicibank.com
Treasury Desks			
Treasury Sales	(+91-22) 6188-5000	Currency Desk	(+91-22) 2652-3228-33
Gsec Desk	(+91-22) 2653-1001-05	FX Derivatives	(+91-22) 2653-8941/43
Interest Rate Derivatives	(+91-22) 2653-1011-15	Commodities Desk	(+91-22) 2653-1037-42
Corporate Bond	(+91-22) 2653-7242		

DISCLAIMER

This document is issued solely by ICICI Bank Limited ("ICICI Bank"). Any information in this email should not be construed as an offer, invitation, solicitation, solution or advice of any kind to buy or sell any securities, financial products or services offered by ICICI Bank) or any other entity, unless specifically stated so. The contents of this document do not take into account your personal circumstances. Before entering into any transaction, you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction and should seek your own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities. ICICI Bank (including its branches, affiliates of ICICI Bank) do not provide any financial advice, and is not your fiduciary or agent, in relation to the securities or any proposed transaction with you unless otherwise expressly agreed by us in writing.

The information, opinions and material in this document (i) are derived from sources that ICICI Bank believes to be reliable but the reliability or accuracy of which have not been independently verified (ii) are given as part of ICICI Bank's internal research activity and not as manager of or adviser in relation to any assets or investments and no consideration has been given to the particular needs of any recipient; and (iii) may contain forward looking statements, which may be materially affected by various risk, uncertainties and other factors. The opinions contained in such material constitute the judgment of ICICI Bank in relation to the matters which are the subject of such material as at the date of its publication, all of which are expressed without any responsibility on ICICI Bank's part and are subject to change without notice. ICICI Bank has no duty to update this document, the opinions, factual or analytical data contained herein. ICICI Bank and/or its affiliates makes no representation as to the accuracy, completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same.

The recipient of the information should take necessary steps as they deem necessary prior to placing reliance upon it. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/purchase or as an invitation or solicitation to do so for any securities or financial products/ instruments of any entity.

This document is intended solely for customers of ICICI Bank and may contain proprietary, confidential or legally privileged information. No part of this report may be copied, disseminated or redistributed by any recipient for any purpose without ICICI Bank's prior written consent. If the reader of this message is not the intended recipient and has received this transmission in error, please immediately notify ICICI Bank, Economic Research Group, E-mail: erg@icicibank.com or by telephone at +91-22-2653-7233 and delete this message from your system.

Please also note that ICICI Bank (including its branches, and affiliates) is unable to exercise control or ensure or guarantee the integrity of/over the contents of the information contained in e-mail transmissions and / or attachments and that any views expressed in this e-mail and / or attachments are not endorsed by/binding on ICICI Bank. Before opening any attachments please check them for viruses and defects and please note that ICICI Bank accepts no liability or responsibility for any damage caused by any virus that may be transmitted by this email and/ or attachments thereto.

DISCLAIMER FOR DUBAI INTERNATIONAL FINANCIAL CENTRE ("DIFC") CLIENTS:

This marketing material is distributed by ICICI Bank Limited., Dubai International Financial Centre (DIFC) Branch, a category 1 Authorized Firm and regulated by the Dubai Financial Services Authority. This marketing material is intended to be issued, distributed and/or offered to a limited number of investors who qualify as 'Professional Clients' pursuant to Rule 2.3.3 of the DFSA Conduct of Business Rulebook, or where applicable a Market Counterparty only, and should not be referred to or relied upon by Retail Clients and must not be relied upon by any person other than the original recipients and/or reproduced or used for any other purpose.

DISCLOSURE FOR RESIDENTS IN THE UNITED ARAB EMIRATES ("UAE"):

Investors should note that any products mentioned in this document, any offering material related thereto and any interests therein have not been approved or licensed by the UAE Central Bank or by any other relevant licensing authority in the UAE, and they do not constitute a public offer of products in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

DISCLOSURE FOR RESIDENTS IN HONGKONG

This document has been issued by ICICI Bank Limited in the conduct of its Hong Kong regulated business (i.e. type 1 license) for the information of its institutional and professional investor (as defined by Securities and Future Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) customers; it is not intended for and should not be distributed to retail or individual investors in Hong Kong. Any person who is not a relevant person should not act or rely on this document or any of its contents. This document has not been reviewed, authorized or approved by any regulatory authority.

ICICI Bank and/or its affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. As a result, you should be aware that a conflict of interest may exist. In accordance with the regulatory requirements and its own conflicts of interest policies, ICICI Bank has in place arrangements, internal policies and procedures to manage conflicts of interest that arise between itself and its clients and between its different clients. Where it does not consider that the arrangements under its conflicts of interest policies are sufficient to manage a particular conflict, it will inform you of the nature of the conflict so that you can decide how to proceed.

DISCLOSURE FOR RESIDENTS IN SINGAPORE

ICICI Bank Limited, India ("ICICI India") is incorporated under the laws of India and is regulated by the Reserve Bank of India. ICICI Bank Limited, Singapore branch ("ICICI") is regulated by the Monetary Authority of Singapore.

As mentioned, ICICI India is regulated by the Reserve Bank of India. Hence, in relation to your dealing with ICICI India, you understand that your interest will be subject to protection of local laws and regulations in India, which may offer different or diminished protection than available under Singapore laws and regulations. You also understand that the Monetary Authority of Singapore will be unable to compel the enforcement of the rules of the local regulators.

For more detailed disclaimer, please visit <https://www.icicibank.com/disclaimer/disclaimertnc.html>