



FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

22 January 2020



From CEO's Desk



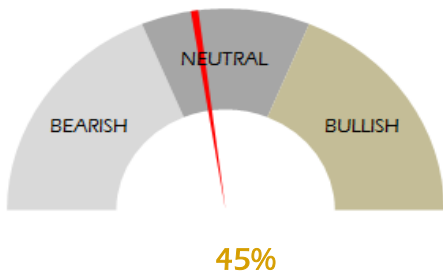
Mr. Abhishek Goenka

The impeachment trial of President Trump has begun in the Republican controlled Senate. Democrats are not happy with the rules set for the impeachment trial. The trial is expected to be over by the middle of next week and President Trump is unlikely to be impeached by the Senate. The Coronavirus from China has caused some nervousness in equity markets in Asia bringing back memories of similar fall in equities during the outbreak of SARS virus. The Yuan has recovered this morning after touching lows of 6.92 against the US Dollar. Exporter selling interest is seen above 6.90. The rupee is likely to trade sideways as we approach the budget. 71.45-71.70 gap zone would be a crucial resistance. Likely range for today 71.10-71.45. Overall global risk sentiment is positive. S&P futures are currently trading at record highs. Euro is unable to move higher despite a beat on German ZEW data yesterday. 1.1050 is a crucial support for the Euro break of which could open room for further downside.

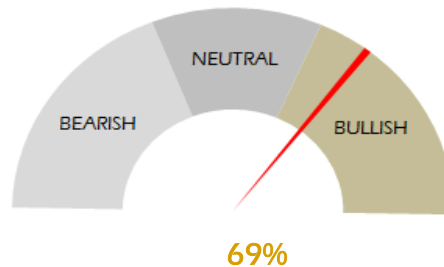
Strategy: Exporters are advised to hold for covering short term exposures. Importers were advised last week to cover on dips towards 70.70 levels. The 3M range for USDINR is 70.00 - 72.50 and the 6M range is 69.50 - 73.50.

IFA Dollar- Rupee Sentiment Index

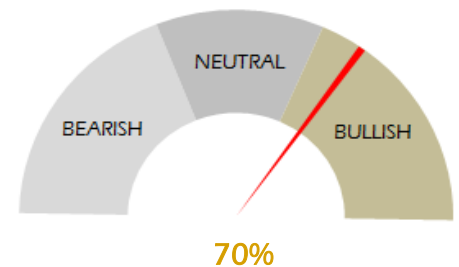
Intraday



Medium term (Upto 3 Months)



Long term (3 to 6 Months)



Note: The above outlook is based on IFA Global Research Academy Proprietary ("IFA Dollar - Rupee Sentiment Index") based on various techno-fundamental factors relevant to the particular outlook horizon. The index weights have been arrived at after rigorous back testing. The factors which are considered for computation of barometers includes pre-defined and back tested weightage given to fundamental factors such as economic data, FII flows, Global equity markets, Government & RBI activity, Onshore-offshore activity, other peer currency performance and other macro economic factors. Further, this module also considers factors such as major MPC member's speech, meeting or summit. On the technical front, factors include indicators and oscillators such as RSI, stochastic, combination of moving averages and other basic & advance technical studies.

News On The Street

- “
- UK government suffers fourth defeat on Brexit legislation
 - Hongkong leads Asia stocks down, while coronavirus spooks markets
 - Oil declines as market surplus forecast counters Libya worries
 - Govt approves raising FDI in Bharti Airtel to 100% from 49% allowed earlier
 - Eurozone corporate loan demand slides for first time in six years
- ”

FX Outlook for the day

● USDINR (RANGE- 71.10 - 71.45)



The USDINR pair opened marginally lower at 71.14 compared to yesterday's close at 71.20. In the absence of any fresh domestic triggers, the rupee is likely to be driven by global factors and yuan movement. Overall risk sentiment remains fragile amid calls of Coronavirus from China and Libyan commander's rejection of the international push for peace.



● EURUSD (RANGE- 1.1055 - 1.1125)



The EURUSD pair is trading near three-week lows of 1.1075 despite upbeat economic sentiment. President Trump hinted at the probability that the US could impose tariffs on EU cars if a deal is not clinched. Trump spoke at the World Economic Forum (WEF) in Davos and is expected to meet European leaders with tariffs on top of the agenda.



● GBPUSD (RANGE- 1.2990 - 1.3070)



Yesterday's bullish labor market data showing better-than-expected U.K. wage growth and an unchanged unemployment rate at 3.8% in November was well-received by Pound. The UK is set to leave the Union by the end of this month, with the focus on whether if a future relationship can be established before year-end.



● USDJPY (RANGE- 109.65 - 110.40)



The USDJPY pair has managed to retain 110.00 mark amid broad dollar strength, downbeat Japan data and no changes in BOJ's monetary policy. Policymakers revised their GDP forecasts higher for this fiscal year and the next and revised lower inflation forecasts for both periods. Wall Street was unable to post gains due to virus outbreak extending beyond China, while the US Treasury yields traded lower.



IFA Outlook

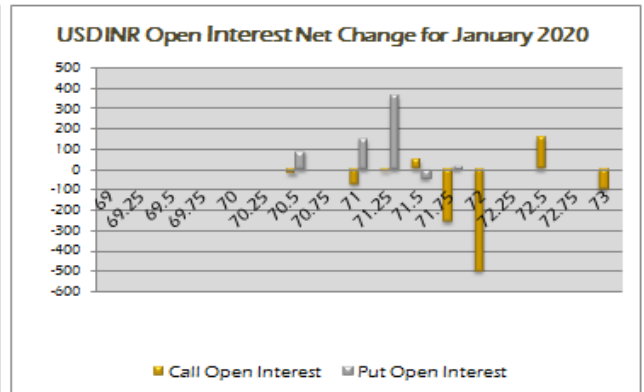
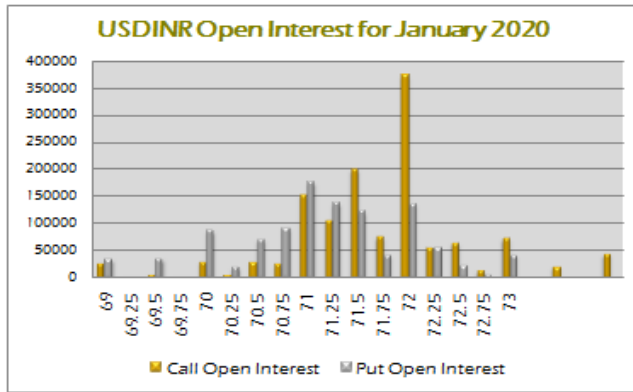
	Q4 FY 2019-20	Q1 FY 2020-21	Q2 FY 2020-21	Q3 FY 2020-21
USDINR	70.00-72.50 ↑	69.50-72.50 ↑	69.50 - 73.50 ↑	69.50-74.50 ↑
\$ INDEX	96.00- 99.00 ↑	96.00- 100.00 ↔	95.00- 100.00 ↓	95.00- 100.00 ↓
EURUSD	1.0900-1.1400 ↔	1.1000-1.1500 ↔	1.1000-1.1650 ↑	1.1200-1.1800 ↑
GBPUSD	1.2800-1.3600 ↔	1.2600-1.3600 ↓	1.2800-1.3800 ↔	1.2800-1.3800 ↔
USDJPY	106.50-111.00 ↑	107.00-112.50 ↓	105.00-110.00 ↔	102.00-108.00 ↔
AUDUSD	0.6600-0.7000 ↓	0.6800- 0.7400 ↔	0.7100- 0.7500 ↔	0.7100- 0.7500 ↔
GOLD	\$1450- \$1620 ↑	\$1400- \$1650 ↑	\$1400- \$1800 ↑	\$1450- \$1800 ↑

Central bank policies and Union Budget are the key upcoming events

Activity Kurtosis

• USDINR Open Interest (January Expiry)

“ Highest OI for Call stands at 72.00 & Put at 71.00 strike price. Highest change in OI unwinding is seen at 72.00 Call ”



• FII activity against USDINR and Nifty

“ FIIs have so far infused \$11.11 billion in the Financial year 2019-20. ”

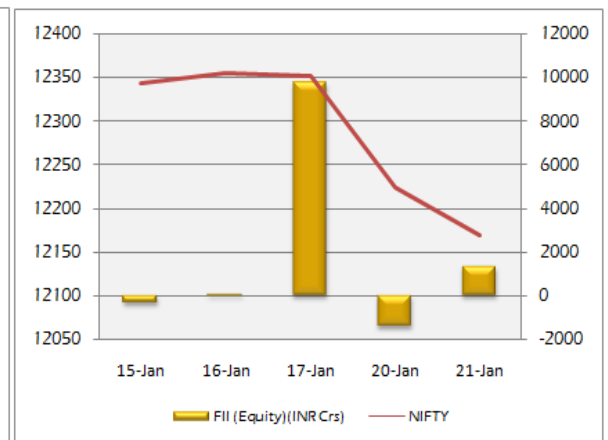
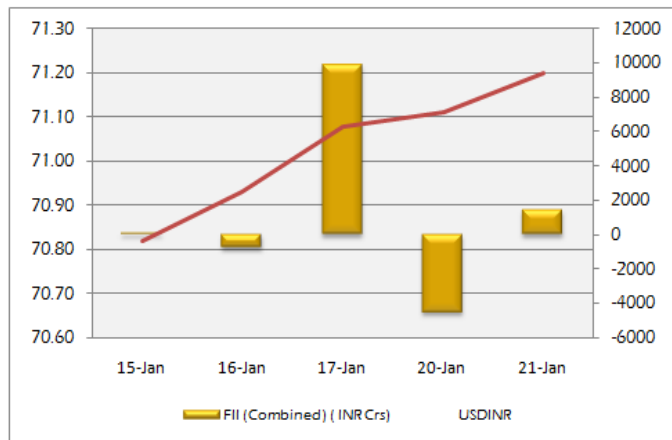
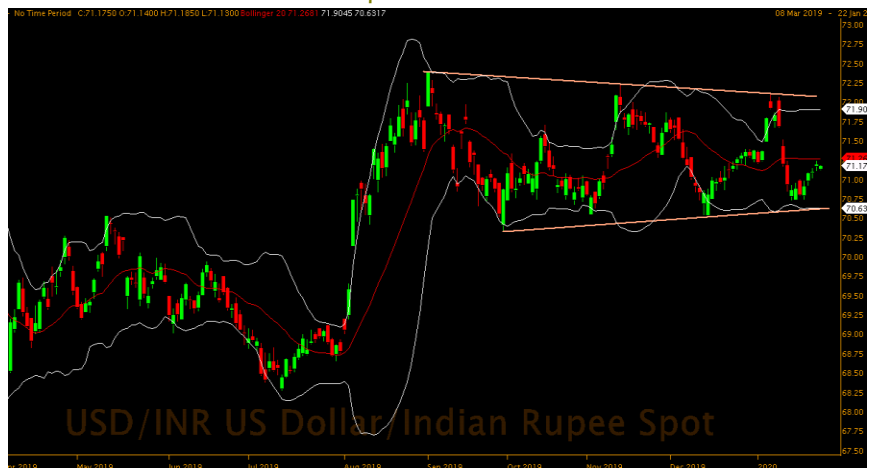


Chart of the Day

“ After giving a breakout of one-week consolidation range of 70.75 - 71.10, the pair made a high of 71.24 level yesterday. It failed to cross the daily middle Bollinger level of 71.24 and ended the session at 71.20. Currently, it is trading on a flat note around 71.18. A close above 71.24 will be crucial in order to target further upside. ”

USDINR Spot 71.18



Major Global Rates

LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	1.54	1.66	1.83	1.92
EUR	-0.57	-0.51	-0.36	-0.27
JPY	0.04	-0.08	0.02	0.12

Rolling Forward Premiums

MONTH	1M	3M	1Y	2Y
USDINR	0.21	0.71	3.00	6.81
EURINR	0.38	1.23	5.16	11.23
GBPINR	0.36	1.18	5.00	10.96
JPYINR	0.30	0.97	4.09	9.02

Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	28196.92	0.76
	SHANGHAI	3045.03	-0.23
	NIKKEI	23985.50	0.51
INDIA	SENSEX	41482.90	0.38
	NIFTY	12215.00	0.37
EUROPE	CAC	6045.99	-0.54
	DAX	13555.87	0.05
	FTSE	7610.70	-0.53
US	DOW	29196.04	-0.52
	NASDAQ	9370.81	-0.19

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1551.79	-4.54	-0.29
SILVER (\$/ounce)	17.73	0.00	-0.02
WTI CRUDE (\$/bbl)	58.16	-0.22	-0.38
Dollar INDEX	97.65	0.12	0.12
Bloomberg ADXY	105.40	0.10	0.09

FPI INFLOWS	FY 2019-20	CY 2020	21-Jan-20
EQUITY	64,264	10,081	1,301
DEBT	9,537	-11,904	118
HYBRID	5,305	-42	1
TOTAL	79,106	-1,865	1,420

Figures are in INR Crores

Pivot Points

	Pivot	S2	S1	P	R1	R2
“	USDINR	70.52	70.72	70.93	71.09	71.25
GBPINR pair is now likely to find immediate hurdle at R1 levels (93.17)	EURINR	78.54	79.04	79.54	80.04	80.54
”	GBPINR	91.88	92.28	92.68	93.17	93.57
	JPYINR	63.98	64.41	64.85	65.15	65.65

Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
21-Jan	JPY	8:30 AM	BoJ Interest Rate Decision	-0.10%	-0.10%	-0.10%	NEUTRAL
	GBP	3:00 PM	Unemployment Rate (Nov)	3.8%	3.8%	3.8%	NEUTRAL
	EUR	3:30 PM	German ZEW Economic Sentiment (Jan)	26.7	15.0	10.7	BULLISH
22-Jan	USD	8:30 PM	Existing Home Sales (Dec)		5.43M	5.35M	

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