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## FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

27 January 2020

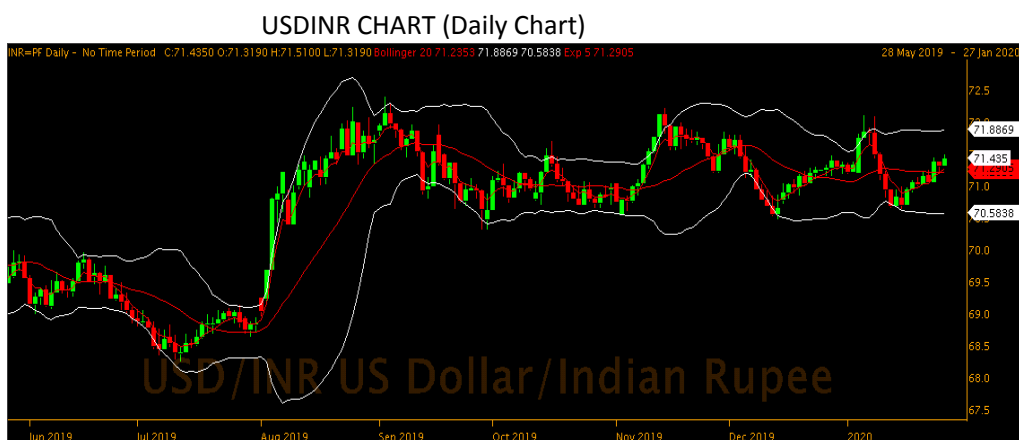


### Markets Recap

The USDINR pair ended the session higher by 11 paise at 71.44 due to broad-based US dollar strength across the global market and buying from some state-owned banks for importers. However, foreign and domestic private banks sold the greenback at higher levels, likely for exporters, cushioned the fall in the rupee. The novel coronavirus in China, the world's second largest economy, has led to global risk aversion. So far, it has claimed 81 people's lives and affected more than 2,860 people. While Equity indices witnessed heavy selling pressure amid global risk-off sentiment, declining by 1.10%. The benchmark bond yield ended up marginally lower by 2bps to 6.55%. The dollar index was trading around 1-month high around 97.90 levels. On the data front, Eurozone Ifo Business climate index numbers came disappointing as German business morale deteriorated unexpectedly in January as the outlook darkened suggesting that Europe's largest economy got off to a slow start in 2020 after narrowly avoiding a recession in the previous year.

### Technical corner

“ After a range-bound trading session, the USDINR pair ended the session at 71.44 levels.



### News of the day

“ Coronavirus outbreak in China took a toll on Indian equities

Indian indices registered their steepest fall in three weeks, amid global risk aversion due to the rising cases and deaths related to the coronavirus, even as corporate earnings are to be in focus. Going ahead, market is likely to remain highly volatile, as it would be dictated by key events such as US Fed meeting, Brexit, FNO expiry and the Union Budget, which are lined-up for this week. At close, the Sensex was down 458 points at 41,155.12, and the Nifty was down by 129 points at 12,119.

## Forward Premia

## ● Dollar Rupee Month End Forward Premium

USDINR Month end Premium													
Description	CASH/SPOT	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Premiums in paise	1.2	0.25	20	43	73.75	96	121	146.75	171.75	196	221	245	273
Outright Rate	71.42	71.44	71.64	71.87	72.17	72.40	72.65	72.90	73.15	73.40	73.65	73.89	74.17
Annualized Premium %	3.07	0.64	3.41	3.54	4.10	4.05	4.04	4.08	4.08	4.09	4.11	4.09	4.14

## Market At Glance

## ● Market Activity

Key rates	Closing
USDINR closing rate	71.44
USDINR future (Jan)	71.45
US 10y bond yield	1.62%
India 10y bond yield	6.55%
Nifty	12119(-129)
1 Year Libor	1.88%
Highest OI for Call	72.00 strike (Jan)
Highest OI for Put	71.00 strike (Jan)

## ● Institutional Activity

FY 2019 - 20	INR crores			
	Equity	Debt	Hybrid	Total
April	21193	-5099	634	16728
May	7920	1187	2264	11371
June	2596	8319	2196	13111
July	-12419	9433	-17	-3003
Aug	-17592	11672	49	-5871
Sep	7548	-990	25	6583
Oct	12368	3670	31	16069
Nov	25231	-2358	126	22999
Dec	7338	-4617	39	2760
Jan	13899	-10873	-46	2980
<b>Total</b>	<b>68082</b>	<b>10344</b>	<b>5301</b>	<b>83727</b>

\* updated as on 27-January-2020

## ● Commodity Activity

	LAST	%CHANGE
GOLD (\$/ounce)	1583.37	0.77
SILVER (\$/ounce)	18.26	0.94
WTI CRUDE (\$/bbl)	52.54	-3.10
DOLLAR INDEX	97.88	0.05

## The Evening Sunshine

## ● Rupee Counterpair data

	Open	High	Low	Close
USDINR	71.51	71.51	71.39	71.44
EURINR	78.67	78.86	78.64	78.75
GBPINR	93.28	93.66	93.11	93.46
CHFINR	73.43	73.73	73.47	73.68
JPYINR	65.46	65.66	65.42	65.59

Bullion jumps as market participants rush to safety and awaits US macro data

US stock market is likely to open on a negative note. Global equity markets traded sharply lower as investors looked worried about the fast-spreading coronavirus in China and other several economies. Additionally, Crude oil prices extended declines, dropping below \$60 for the first time in nearly three months as the death toll from virus rose and more businesses were forced to shut down, stoking expectations of slowing oil demand. Brent Crude currently hovering at 57.90 levels.

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