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## FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

29 January 2020



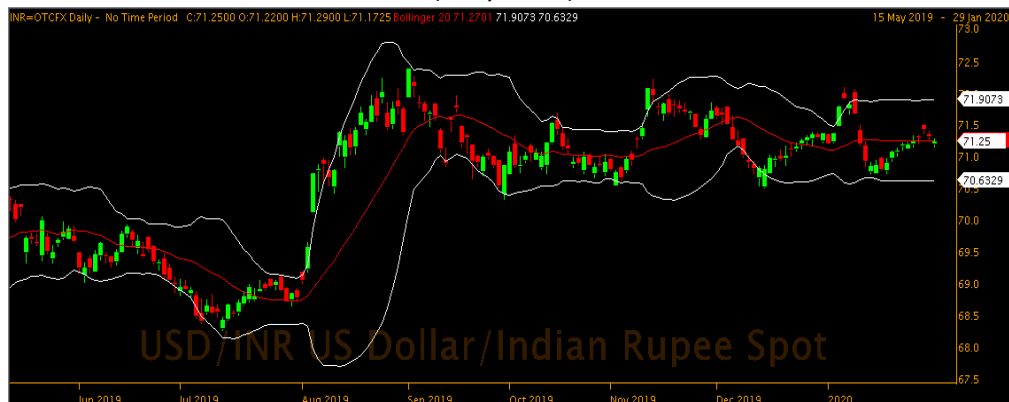
## Markets Recap

The USDINR pair ended the session lower by 8 paise at 71.25 due to some foreign banks sold the greenback, likely on behalf of foreign portfolio investors who may have subscribed to the seventh tranche of Central Public Sector Enterprises-Exchange Traded Fund. The risk appetite improved as fears about novel coronavirus impacting global growth eased. Recovery in offshore Chinese yuan, dollar sales by foreign banks, likely for foreign fund inflows supported the rupee. Market participants remained cautious ahead of the US FOMC outcome later today. The Fed Reserve is anticipated to keep its policy unchanged, with a focus on any comments about the balance sheet and whether their bill-buying ops are merely technical or are providing monetary stimulus. While Equity indices ended higher breaking two-day losing streak gaining by 0.6%. The benchmark bond yield ended up flat to 6.57%. The dollar index was trading around fresh yearly highs around 98.10 levels. The Euro and Pound are trading flat ahead of FOMC meeting.

## Technical corner

“  
The USDINR pair has been consolidating from a two week top of 71.40 levels and opened today around 71.22 level. At close, it ended in near middle bollinger band.”

USDINR CHART (Daily Chart)



## News of the day

“  
Domestic indices witnessed a decent upside swing tracking global cues”

Indian equities shifted their focus back to December quarter earnings. While the indices held their gains for the most part of the day, volatility was seen in the last hour of the trading session, ahead of the expiry of the January series of F&O contracts due tomorrow. The markets are likely to remain volatile ahead of the Union Budget on Saturday. At close, the Sensex was up 231.80 points or 0.57% at 41198.66, and the Nifty was up 73.70 points or 0.61% at 12129.50.



## Forward Premia

## ● Dollar Rupee Month End Forward Premium

USDINR Month end Premium													
Description	CASH/SPOT	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Premiums in paise	0.5	19	43	74.25	97	122.25	148.75	174.25	199	224.25	248.25	276.25	301
Outright Rate	71.25	71.44	71.68	71.99	72.22	72.47	72.74	72.99	73.24	73.49	73.73	74.01	74.26
Annualized Premium %	3.07	3.48	3.67	4.23	4.20	4.16	4.19	4.19	4.19	4.21	4.18	4.22	4.24

## Market At Glance

## ● Market Activity

Key rates	Closing
USDINR closing rate	71.25
USDINR future (Feb)	71.45
US 10y bond yield	1.63%
India 10y bond yield	6.57%
Nifty	12129(+74)
1 Year Libor	1.83%
Highest OI for Call	71.50 strike (Feb)
Highest OI for Put	71.00 strike (Feb)

## ● 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	12939	-12846	-46	47
<b>Total</b>	<b>67122</b>	<b>8371</b>	<b>5301</b>	<b>80794</b>

\* updated as on 29-January-2020

## ● Commodity Activity

	LAST	%CHANGE
GOLD (\$/ounce)	1571.37	0.18
SILVER (\$/ounce)	17.48	0.01
WTI CRUDE (\$/bbl)	53.92	0.82
DOLLAR INDEX	98.10	0.08

## The Evening Sunshine

## ● Rupee Counterpair data

	Open	High	Low	Close
USDINR	71.22	71.29	71.18	71.25
EURINR	78.54	78.65	78.32	78.38
GBPINR	92.73	92.94	92.62	92.73
CHFINR	73.29	73.33	73.06	73.07
JPYINR	65.36	65.39	65.20	65.31

“ Market participants cautious ahead of FOMC meet due later today while earnings season hits its peak

US markets are likely to open on a positive note. While in the energy sector, Oil prices rose for a second day recouping some losses after a five-day rout on talk that OPEC could extend oil output cuts if a new coronavirus hurts demand, while data showing a decline in U.S. stockpiles helped steady prices Brent Crude oil currently up by 0.65% at 59.20 levels. On the precious metal front, Gold is trading marginally higher at \$1571 levels. Later today, US pending home sales data to be released.

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