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FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

3 March 2020



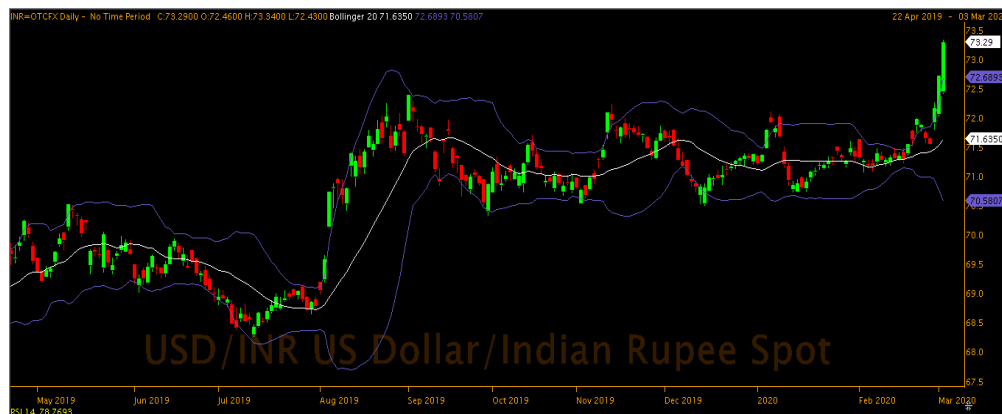
Markets Recap

The USDINR pair extended its bullish leg for the third consecutive day ending the session at 16-month high at 73.29. The Indian government today said it found six new suspected coronavirus cases in Agra which hurt the risk sentiment. Soon after this announcement, RBI said that the central bank is prepared for appropriate action for the orderly functioning of financial markets, to maintain market confidence and preserve financial stability. This comes after major central banks have signaled that measures to ease potential economic fallout due to the fast-spreading coronavirus. Though the statement from the RBI soothed some jitters only for a while, later market participants continued placing long bets on the greenback. In the last couple of sessions, Rupee has lost 1.55% against the U.S. dollar. Euro came under pressure for the first time after three consecutive daily advances. Eurozone headline CPI slowed to 1.2% yoy in February, down from 1.4% yoy, matched expectations.

Technical corner

Upside bias is likely to remain intact for the short term with the conservative target of 73.50

USDINR CHART (Daily Chart)



News of the day

Sensex snapped 7-day losing run after RBI stepped in to calm markets

Stock markets snapped a seven-session losing streak following comments from RBI that the spillovers to financial markets in India have largely been contained. A constant chatter from central banks for easing also helped to improve global risk sentiment. Yesterday, US markets saw the biggest daily jump since 2009. BSE Sensex gained 479.68 points to 38,623 while NSE benchmark Nifty added 170 points to close at 11,303

Forward Premia

● Dollar Rupee Month End Forward Premium

Description	USDINR Month end Premium												
	CASH/SPOT	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
Premiums in paise	0.5	19.5	46.75	67.75	92	116.5	140.5	164	188.5	212	239.5	264.5	287.5
Outright Rate	73.29	73.49	73.76	73.97	74.21	74.46	74.70	74.93	75.18	75.41	75.69	75.94	76.17
Annualized Premium %	1.25	3.74	4.18	3.97	3.92	3.94	3.94	3.91	3.93	3.93	3.96	4.00	4.00

Market At Glance

● Market Activity

Key rates	Closing
USDINR closing rate	73.29
USDINR future (Mar)	73.54
US 10y bond yield	1.14%
India 10y bond yield	6.34%
Nifty	11303 (+170)
1 Year Libor	1.15%
Highest OI for Call	72.00 strike (Mar)
Highest OI for Put	71.50 strike (Mar)

● 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	12123	-11119	-46	958
Feb	1820	4734	2416	8970
March	-3341	-2197	6	-5532
Total	64785	14832	7723	85143

* updated as on 2-March-2020

● Commodity Activity

	LAST	%CHANGE
GOLD (\$/ounce)	1602.58	0.66
SILVER (\$/ounce)	16.81	-0.07
WTI CRUDE (\$/bbl)	48.33	3.38
DOLLAR INDEX	97.65	0.30

The Evening Sunshine

● Rupee Counterpair data

	Open	High	Low	Close
USDINR	72.46	73.34	72.44	73.29
EURINR	81.26	81.53	80.70	81.48
GBPINR	93.07	93.73	92.57	93.70
CHFNR	76.06	76.59	75.62	76.54
JPYINR	67.46	67.95	67.02	67.94

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Stock futures point to a slightly lower open as markets await G-7 statement

US stock futures pointed to minor losses at the opening as investors assess the potential economic fallout of the fast-spreading coronavirus. There is an expectation in the market that central banks around the world may announce a coordinated policy response to fight the coronavirus. Today, the Australian central bank announced it would cut interest rates to a record low in the wake of the coronavirus. Trump's continuous pressure makes it more likely that the Fed will act.

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