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## FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

26 March 2020



## Markets Recap

The USDINR pair opened on a flat note at 75.86 and from thereon, it's a complete downslide making a low of 75.10 levels. New welfare measures from the Indian government announced on Thursday have helped both Indian shares and the rupee making substantial gains. Indian Finance Minister Nirmala Sitharaman announced a series of new welfare measures that it is expected would get people the basics they need if work or food production is affected by the coronavirus. Rs 1.7 lakh cr stimulus package if well executed will certainly provide some respite to the low income groups. Additionally, news that the Senate had passed a \$2 trillion emergency bailout package for American people and businesses was taken as a cue to buy risky assets and sell safe havens. Meanwhile, domestic indices extended gains by 4% amid global and domestic positive cues and India's 10 year bond yield ended lower by 8bps to 6.22%. The pound is likely to trade on a volatile note as the benchmark lending rate is anticipated to stay at 0.10 percent with the bond purchasing program (QE) remaining at GBP645 billion. The UK central bank will be conducting another Contingent Term Repo Facility (CTRF) operation on April 2.

## Technical corner

### USDINR CHART (Daily Chart)



After opening on a flat note, USDINR pair was seen trading sharply lower during the day. Overall, bullish bias is likely to remain intact. Weekly close on either side of the range of 74.50 - 76.30 will be crucial

## News of the day

“ Domestic indices extends their gains for third straight day amid stimulus cheers and positive global cues

”

Equity indices rallied for the third consecutive day as the constant efforts by the government to tackle the economic fallout and business disruption due to Covid-19 lockdown kept the market participants buoyant. The market saw a swift short-covering move on the expiry day largely supported by global cues. The \$2 trillion package from the US government also lifted sentiment. At close, the Sensex ended with gains of 1,410 points to end at 29,946, while the Nifty50 rose 323 points to close at 8641



## Forward Premia

## ● Dollar Rupee Month End Forward Premium

USDINR Month end Premium													
Description	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	4.5	1	51	79.5	107.5	135	161	186	211	234.5	262	286.5	310
Outright Rate	75.11	75.16	75.66	75.95	76.23	76.50	76.76	77.01	77.26	77.50	77.77	78.02	78.25
Annualized Premium %	4.86	4.86	7.99	6.43	5.67	5.33	5.08	4.91	4.79	4.65	4.61	4.56	4.52

## Market At Glance

## ● Market Activity

Key rates	Closing
USDINR closing rate	75.15
USDINR future (Apr)	76.17
US 10y bond yield	0.78%
India 10y bond yield	6.22%
Nifty	8641 (+323)
1 Year Libor	0.99%
Highest OI for Call	75.00 strike (Apr)
Highest OI for Put	74.00 strike (Apr)

## ● 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	-55600	-50991	-9	-106600
Total	12526	-36159	7708	-15925

\* updated as on 26-March-2020

## ● Commodity Activity

	LAST	%CHANGE
GOLD (\$/ounce)	1621.00	0.21
SILVER (\$/ounce)	14.68	-1.18
WTI CRUDE (\$/bbl)	23.67	-3.39
DOLLAR INDEX	100.12	-0.90

## ● Rupee Counterpair data

	Open	High	Low	Close
USDINR	75.86	75.95	75.10	75.15
EURINR	82.54	82.96	81.96	82.46
GBPINR	90.18	90.41	88.90	89.98
CHFINR	78.20	78.49	77.12	77.51
JPYINR	68.27	68.69	67.94	68.55

## The Evening Sunshine

“ Initial jobless claims surged to record 3.3M last week as coronavirus takes heavy toll on economy

Global markets fell on Thursday as nerves over jobs data likely to lay bare the economic carnage from the coronavirus pandemic outweighed a \$2 trillion US stimulus package. The sour mood was worsened by slumping consumer morale in Germany and data showing stagnant retail sales in Britain last month, even before the virus hit. Crude oil prices slipped following three days of gains, with the prospect of rapidly dwindling demand due to coronavirus travel bans and lockdowns.

**Headquarters:-**

India Forex Advisors Pvt. Ltd.  
H-125, 1st Floor, Kanakia Zillion, LBS Marg,  
CST Road Junction, Bandra Kurla Complex Annexe, Kurla West,  
Mumbai-400070

Research & Analytics Desk: +91 8879390076 | Treasury Audit & Bank Negotiation Desk: +91 8879630572 |  
FX & Treasury Advisory Desk: +91 8879560010 | FX Trading & Options Desk: +91 8291983820

Email: [info@ifaglobal.net](mailto:info@ifaglobal.net)  
You can also visit our website: [www.ifaglobal.net](http://www.ifaglobal.net)

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