



FX Partner You Can Trust

FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

27 March 2020



Markets Recap

The USDINR pair opened briefly lower today at 74.69 level tracking broad dollar weakness. RBI unveiled a slew of measures releasing nearly \$50 Billion into the economy to fight the widespread virus. Like other major global central banks, the Central Bank today went with emergency rate cut of 75 bps and slashed the cash reserve rate (CRR) by 100 basis points to 3% of bank deposits straight away unleashing Rs 1.37 lakh crore into the banking system for the next one year. Launch of Tltro, 1% reduction in CRR and raising MSF to inject more liquidity will be an additional boost to stimulate the economy. Banks in India that operate IFSC banking units will be allowed to participate in offshore INR NDF market w.e.f. June 1, 2020. The move follows after the Indian government put the country on a 21-day lockdown as coronavirus cases rise. India currently has 800 confirmed cases with 20 deaths. Meanwhile, domestic indices ended on a flat note amid mixed global cues and India's 10 year bond yield ended lower by 8bps to 6.14%. The Euro and Pound are trading on a flat note. British Prime Minister Boris Johnson has tested positive for coronavirus and is self isolating but will still lead the government's response to the outbreak.

Technical corner

After making a low of 74.39, USDINR pair bounced back sharply ending the session at 74.86. Overall bullish bias remains intact for the short term

USDINR CHART (Daily Chart)



News of the day

RBI rate cut fails to cheer domestic indices

Equity market ended Friday's highly volatile session on a subdued note even as the RBI, in an emergency move, slashed the repo rate by a huge 75 bps to arrest the potential downturn in the economy due to Covid-19 pandemic. On the sectoral front, auto stocks slipped the most, thus snapping their three-day gaining streak. At close, the Sensex was down 131.18 points or 0.44% at 29815.59, and the Nifty was up 18.80 points or 0.22% at 8660.25.

Forward Premia

● Dollar Rupee Month End Forward Premium

USDINR Month end Premium													
Description	CASH/SPOT	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Premiums in paise	2.75	51	78	106	133	158	183	208	231	258	281	303	332
Outright Rate	74.83	75.37	75.64	75.92	76.19	76.44	76.70	76.94	77.17	77.44	77.67	77.89	78.18
Annualized Premium %	3.25	8.29	6.49	5.68	5.32	5.05	4.92	4.76	4.62	4.57	4.51	4.45	4.44

Market At Glance

● Market Activity

Key rates	Closing
USDINR closing rate	74.85
USDINR future (Apr)	75.86
US 10y bond yield	0.76%
India 10y bond yield	6.14%
Nifty	8660 (+19)
1 Year Libor	0.99%
Highest OI for Call	74.00 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	-59377	-52811	-17	-112205
Total	8749	-37979	7700	-21530

* updated as on 27-March-2020

● Commodity Activity

	LAST	%CHANGE
GOLD (\$/ounce)	1616.00	-2.09
SILVER (\$/ounce)	14.47	-1.51
WTI CRUDE (\$/brl)	22.30	-1.33
DOLLAR INDEX	99.49	0.14

The Evening Sunshine

● Rupee Counterpair data

	Open	High	Low	Close
USDINR	74.69	75.40	74.39	74.86
EURINR	82.73	83.06	82.24	82.42
GBPINR	91.31	92.22	91.09	91.48
CHFNR	77.86	78.29	77.39	77.83
JPYINR	68.64	69.22	68.45	68.83

“ European shares tumbled after a stunning three-day rally sparked by hopes of more aggressive stimulus to shore up the global economy ravaged by the rapid spread of the coronavirus pandemic. Asian stocks, on the other hand, rose as investors wagered consumer sentiment numbers and updates on Covid-19 to influence the price action on Covid-19 to influence the price action. Asian stocks, on the other hand, rose as investors wagered policymakers will roll out more stimulus measures to combat the coronavirus pandemic after US unemployment filings surged to a record. Brent Crude oil is currently trading lower by 3.5% at \$25.35. ”

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
You can also visit our website: www.ifaglobal.net

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