



FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

29 March 2022

From CEO's Desk



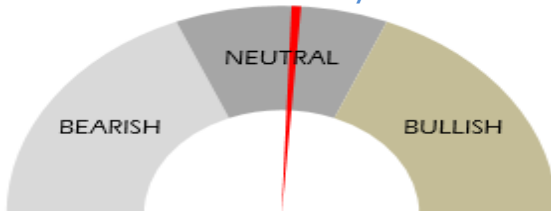
Mr. Abhishek Goenka

The global risk sentiment is on a strong footing this morning as there is optimism around Ukraine-Russia negotiations in Turkey. Crude prices have come off in hopes of de-escalation and owing to concerns around demand being hit on account of the lockdown in Shanghai. Brent has retraced to USD 110 per barrel. The Dollar is trading weaker against Asian and EM currencies. Commodity currencies have retraced against the Dollar. USD/JPY had crossed the 124 mark but has cooled off a bit now. Equities are doing well. S&P500 ended 0.7% higher. Most Asian equity indices too are trading with gains of around 0.5-1%. US short-term yields continue to remain elevated. While 5s10s was already inverted, 5s30s has also now inverted, for the first time since 2006. Domestic fuel prices have been hiked 7 times since 22nd March now with Petrol prices crossing 115 in Mumbai. However, a retracement in crude prices is likely to give a fillip to INR assets today. The Nifty had reversed intraday to end 0.4% higher yesterday at 17222. We expect the Nifty to trade a 16800-17600 range over the coming few sessions. The yield on the benchmark 10y rose yesterday on higher state loan supply today. There is quite a big SDL auction today (Rs 37000crs).

Strategy: Exporters are suggested to cover only confirmed positions. For any extra covers based on expectation, we suggest keeping stoploss of 75.80 till the panic subsides. Importers cover through options or on dips. The 3M range for USDINR is 74.00-77.00 and the 6M range is 73.80-77.30.

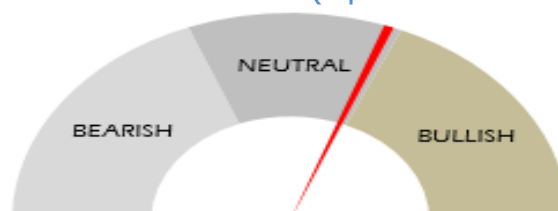
IFA GLOBAL USDINR QUANT SENTIMENT INDEX

Intraday



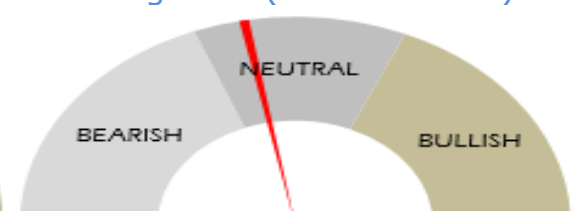
51%

Medium term (Upto 3 Months)



61%

Long term (3 to 6 Months)



44%

Note: The above outlook is based on IFA Global Research Academy Proprietary ("IFA Dollar - Rupee Sentiment Index") based on various techno-fundamental factors relevant to the particular outlook horizon. The index weights have been arrived at after rigorous back testing. The factors which are considered for computation of barometers includes pre-defined and back tested weightage given to fundamental factors such as economic data, FII flows, Global equity markets, Government & RBI activity, Onshore-offshore activity, other peer currency performance and other macro economic factors. Further, this module also considers factors such as major MPC member's speech, meeting or summit. On the technical front, factors include indicators and oscillators such as RSI, stochastic, combination of moving averages and other basic & advance technical studies. (0 - 20%=extremely bearish, 21% - 40%=bearish, 41% - 60%=neutral, 61% - 80%=bullish, 81% - 100% extremely bullish)

News On The Street

“ Zelensky says Ukraine prepared to discuss neutrality in peace talks ”

- U.S. goods trade deficit narrows in February; still near record highs
- Japan PM orders cabinet to compile relief package to combat rising prices
- Oil falls on Ukraine peace talk hopes, China demand fears
- Yen on the ropes as BOJ defends yield target
- Russia and West at odds over gas payments in roubles

FX Outlook for the day

● USDINR (RANGE : 75.70 - 76.10)



Spot Rate: 76.02 (Tentative)

Yesterday Rupee opened around 76.36 but strengthened through the session to end at 76.16. We may see some selling coming in towards the end of the session as the interbank may try and capture the elevated last day March over the First day April points. Today is the March currency derivative expiry. The global risk sentiment is on a strong footing as there is optimism around Ukraine-Russia negotiations in Turkey. The Dollar is trading weaker against EM currencies. The pair is expected to open at 76.02 and trade with a downside bias.



● EURUSD (RANGE: 1.0950 - 1.1030)



Spot Rate: 1.0992

The EURUSD pair alternates gains with losses in the sub-1.1000 region on the back of the unabated upside bias in the dollar. Indeed, extra gains in the dollar remain propped up by the march north in US yields along with markets' expectations of tighter rate path by the Fed, while the absence of news from the Ukraine war appears to sustain a cautious note in the risk complex. Occasional pockets of strength in the single currency should appear reinforced by the speculation of the start of the hiking cycle by the ECB at some point by year end.



● GBPUSD (RANGE: 1.3020 - 1.3140)



Spot Rate: 1.3096

The Pound is falling against the US Dollar after the BoE's Bailey struck a cautious tone during his speech. When asked if the bank would hike rates again at its next meeting, Bailey warned of an uncertain outlook reiterating how the Ukraine crisis is driving volatility into the financial markets. Furthermore, as peace talks between Russia and Ukraine remain at an impasse, it continues to weigh on the risk-sensitive Sterling. If negotiations remain at a stalemate, it is likely to keep Sterling struggling against many of its peers.



● USDJPY (RANGE:122.90 - 123.60)



Spot Rate: 123.23

The USDJPY pair continued scaling higher and surged to the key 124.00 level for the first time since August 2015. The pair caught aggressive bids on the first day of a new week after the BoJ stepped in to arrest the continuous rise in yields. The yield on the benchmark 10-year US bond shot to a nearly three-year high, beyond the 2.5% mark. This resulted in the further widening of the US-Japanese bond yield spread, which along with a generally positive tone around the equity markets, drove flows away from the safe-haven Japanese yen.



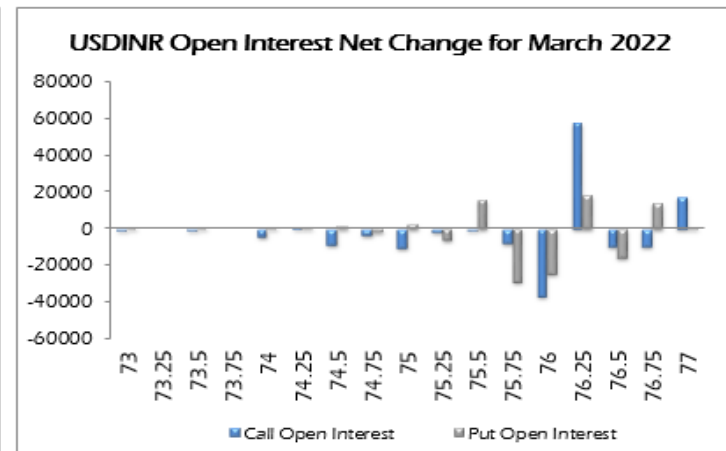
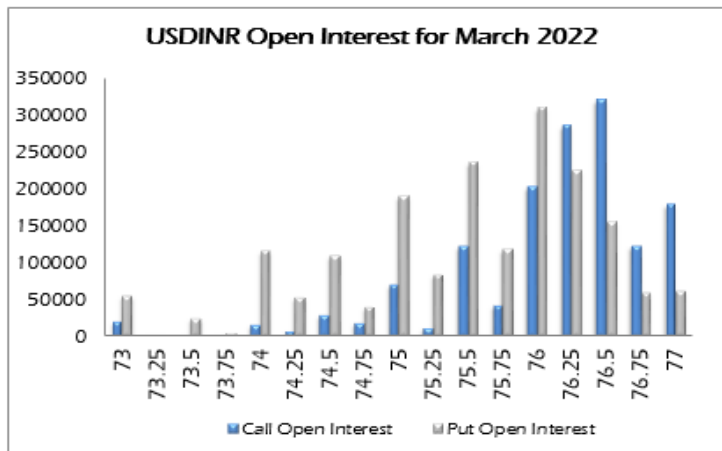
IFA Outlook

“ Focus to be on the geopolitical tensions, and US, UK GDP, Eurozone CPI dataset ”

	Q4 FY 2021-22	Q1 FY 2022-23	Q2 FY 2022-23	Q3 FY 2022-23
USDINR	73.50 - 77.20 ↑	74.50 - 77.50 ↑	73.30 - 76.70 ↑	74.00 - 77.00 ↑
\$ INDEX	94.50 - 99.80 ↑	95.50 - 99.80 ↑	93.70 - 98.00 ↑	94.00 - 98.50 ↑
EURUSD	1.0800 - 1.1400 ↓	1.1250 - 1.1500 ↔	1.1050-1.1650 ↔	1.0950 - 1.1600 ↓
GBPUSD	1.2950 - 1.3500 ↓	1.3250 - 1.3600 ↔	1.3400 - 1.3700 ↔	1.3500 - 1.3800 ↑
USDJPY	113.50 - 123.50 ↑	114.50 - 116.50 ↑	114.70 - 116.70 ↓	114.90-117.00 ↑
AUDUSD	0.6850 - 0.7500 ↑	0.7200 - 0.7600 ↑	0.7300- 0.7700 ↔	0.7100 - 0.7750 ↓
GOLD	\$1550- \$1980 ↑	\$1600- \$2100 ↔	\$1700- \$2150 ↔	\$1600- \$2000 ↓

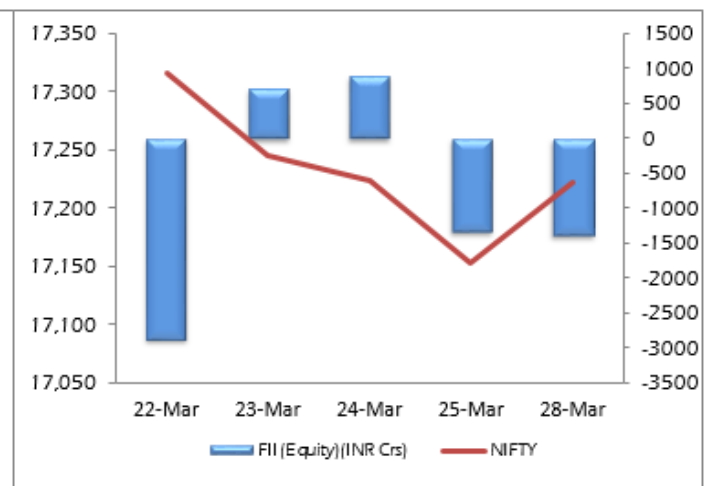
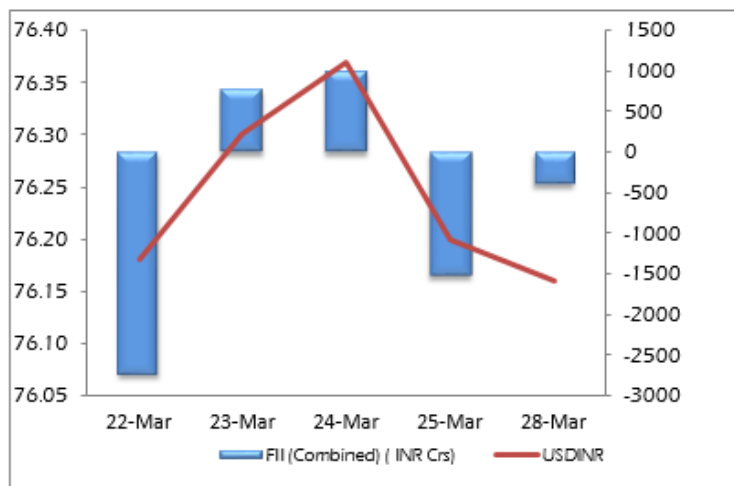
Activity Kurtosis

• USDINR Open Interest (March expiry)



“ Highest OI for Call is at 76.50 and Put is at 76.00. Highest OI intraday Call buildup is at 76.25 and Put unwinding is at 76.00. ”

• FII activity against USDINR and Nifty



“ FIIs have so far withdrawn \$15.87 billion in the financial year 2021-22 ”

Chart of the Day

USDINR: 76.02



“ The USDINR NSE March futures opened at 76.03 today. The USDINR spot in the OTC market is expected to open at 76.02 levels. Immediate resistance to be around 77.07 which is also the upper bollinger band level. On the flipside, the immediate support will be at 75.54 which is also the supertrend level. All technical factors suggest bullish price action for the day. ”

Major Global Rates

LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.33	0.45	1.49	2.20
EUR	-0.65	-0.62	-0.56	-0.49
JPY	0.04	-0.06	0.04	0.05

Rolling Forward Premiums (in Rupees)

MONTH	1M	3M	1Y	2Y
USDINR	0.35	0.79	2.87	5.91
EURINR	0.47	1.19	5.15	10.79
GBPINR	0.45	1.01	4.08	8.83
JPYINR	0.32	0.80	3.74	8.62

Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	21770	-0.80
	SHANGHAI	3201	-0.43
	NIKKEI	28091	0.53
INDIA	SENSEX	57827	0.40
	NIFTY	17284	0.36
EUROPE	CAC	6554	0.00
	DAX	14417	0.78
	FTSE	7473	-0.14
US	DOW	34956	0.27
	NASDAQ	14355	1.31

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1927.24	3.32	0.17
SILVER (\$/ounce)	24.99	0.06	0.24
WTI Crude (\$/brl)	105.17	-0.79	-0.75
Dollar INDEX	99.07	-0.02	-0.02
Bloomberg ADXY	106.92	0.08	0.07

FPI INFLOWS	FY 2021-22	CY 2022	28-Mar-22
EQUITY	-141,826	-111,834	-1,390
DEBT	17,489	-5,164	977
HYBRID	3,485	1,726	-4
TOTAL	-120,852	-115,272	-416

Figures are in INR Crores

Pivot Points

GBINR pair is likely to take immediate support at 98.91 (S2)

Pivot	S2	S1	P	R1	R2
USDINR	75.72	75.96	76.22	76.46	76.72
EURINR	83.16	83.44	83.87	84.15	84.57
GBPINR	98.91	99.72	100.53	101.34	102.15
JPYINR	61.32	61.87	62.89	63.44	64.45

Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
28-Mar	USD	6:00 PM	Wholesale Inventories (MoM)	2.10%		0.80%	Bearish
	USD	8:00 PM	Dallas Fed Mfg Business Index (Mar)	8.70		14.00	Bearish
29-Mar	EUR	11:30 AM	German Retail Sales (MoM) (Feb)		1.80%	2.00%	
	EUR	11:30 AM	GfK German Consumer Climate (Apr)		-14.00	-8.10	
	USD	7:30 PM	CB Consumer Confidence (Mar)		107.00	110.50	
	USD	7:30 PM	JOLTs Job Openings (Feb)		11.000M	11.263M	

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