



FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

30 March 2022

From CEO's Desk



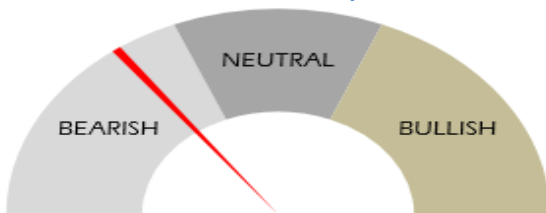
Mr. Abhishek Goenka

The global risk sentiment improved as Russia said it would scale back military operations in the Ukrainian capital Kiev and Chernihiv. The US however said it remained skeptical until it saw the statements materialize into action. Negotiations have failed to yield a ceasefire so far. Negotiations are still on with the status of Crimea, Ukraine neutrality, and security Guarantees being the key points of contention. US consumer confidence came in better than expected as strong labor markets seem to be overshadowing high inflation at this point. Russia saying it would scale back military operations imparted tailwinds to European assets. The Euro rallied to bounce back above 1.11. CAC and DAX were up 2.8% and 3.1% respectively. The S&P500 too ended 1.2% higher. The S&P has ended higher in 9 out of the last 11 sessions. Asian equities with the exception of the Nikkei are trading with gains of 0.5-1%. The Dollar has weakened against Asian and EM currencies. The US 2s10s had inverted for a brief while, for the first time since 2019. It may not be as accurate a recession predictor as it has been in the past. Brent had retraced to USD 106 per barrel but has inched back higher to USD 111 per barrel. Gold continues to hover around USD 1930.

Strategy: Exporters are advised to cover on upticks towards 76.10. Importers are suggested to cover on dips towards 75.40. The 3M range for USDINR is 74.00-77.00 and the 6M range is 73.80-77.30.

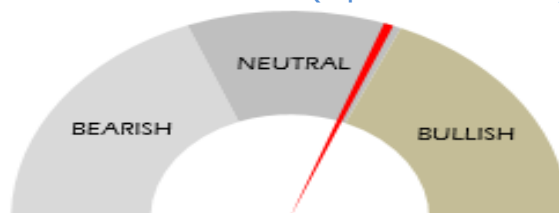
IFA GLOBAL USDINR QUANT SENTIMENT INDEX

Intraday



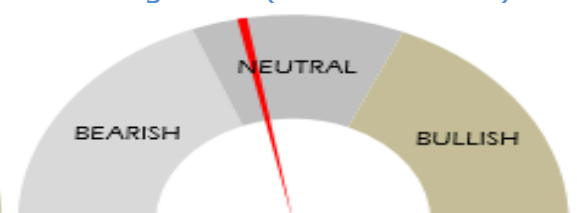
29%

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

“ Asian stocks up, Ukraine and Russia inch towards de-escalation

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- Oil rises on supply tightness despite "constructive" Ukraine-Russia talks
- China \$9 billion IPO plans stalled amid COVID outbreak - filings, estimate
- BoJ notches up defense of yield cap with bigger, unscheduled bond buying
- Japan Feb retail sales post first decline in 5 months on Omicron curbs
- U.S. consumer confidence ticks up in March

FX Outlook for the day

● USDINR (RANGE : 75.50 - 75.85)



Spot Rate: 75.65

The global risk sentiment has improved. The RBI announced another USD/INR 5bn Sell-Buy swap, this time for 1.5yrs, to be conducted on 26th April. This should support the forward curve. There may be an uptick initially as those who went short to capture Last Day March over First Day April points would step in to book profits. We are likely to see a rally in domestic bonds and Rates today on lower crude prices and lower US Treasury yields. The pair opened at 75.65 and is expected to trade with a downside bias.



● EURUSD (RANGE: 1.1070 - 1.1150)



Spot Rate: 1.1115

The euro advanced when Russia said in talks in Istanbul on Tuesday that it would pull out its military operations around Ukraine's capital, Kyiv, and the north. The fundamental outlook highlighted by the policy divergence between the Fed and the ECB should continue to favour the dollar over the euro. As for eurozone inflation, the analysts expect headline HICP inflation to soar across the euro area in March, mostly due to a substantial surge in energy prices. The pair is expected to trade with a sideways bias.



● GBPUSD (RANGE: 1.3070 - 1.3150)



Spot Rate: 1.3107

The GBPUSD pair recovered a few pips from a near two-week low and was last seen trading around the 1.3100 region. The pair struggled to preserve its modest gains amid the emergence of fresh US dollar buying. Rising bets for a 50 bps rate hike at the next two FOMC meetings turned out to be a key factor that continued acting as a tailwind for the dollar. Britain's economy is expected to suffer a growth slowdown amid the biggest single shock from energy prices since the 1970s, the governor of the Bank of England has warned.



● USDJPY (RANGE: 121.30 - 122.00)



Spot Rate: 121.66

The latest optimism over the possibility of a diplomatic solution to end the war in Ukraine triggered aggressive short-covering around the shared currency. This, in turn, weighed on the US dollar and was seen as a key factor exerting downward pressure on the major. The divergence in the monetary policy stance adopted by the Fed and the BoJ supports prospects for the emergence of dip-buying around the USDJPY pair. The constructive outlook is reinforced by the risk-on impulse, which tends to undermine the safe-haven Japanese yen.



IFA Outlook

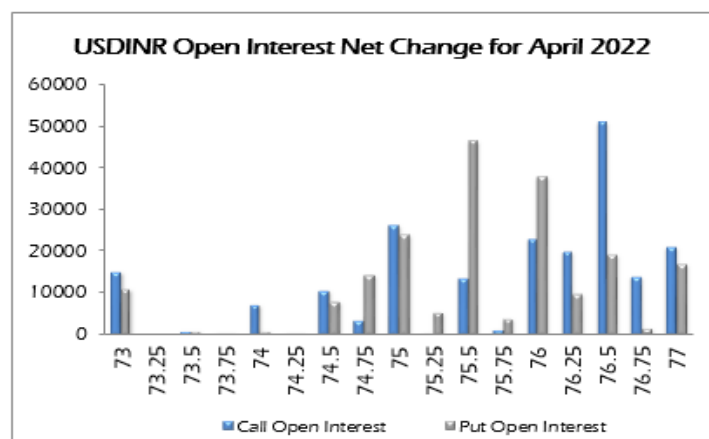
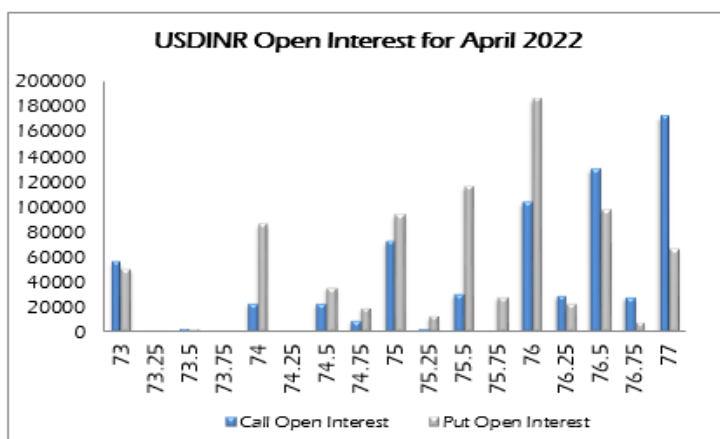
“ Focus to be on the geopolitical tensions, and US, UK GDP, Eurozone CPI dataset ”

	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 (April expiry)

“
 Highest OI for Call is at 77.00 and Put is at 76.00. Highest OI intraday Call buildup is at 76.50 and Put buildup is at 75.50.
 ”



• FII activity against USDINR and Nifty

“
 FIIs have so far withdrawn \$16.07 billion in the financial year 2021-22
 ”

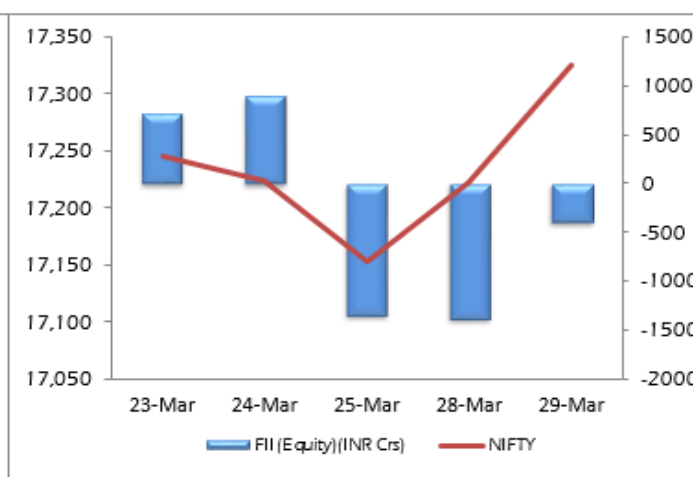
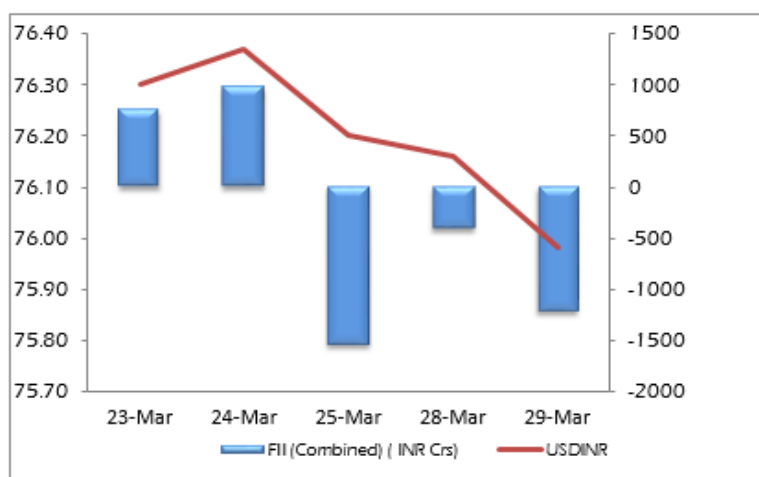


Chart of the Day

“
 The USDINR NSE April futures opened at 75.88 today. The USDINR spot in the OTC market opened at 75.65 levels. Immediate resistance to be around 77.01 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 mixed price action for the day.
 ”

USDINR: 75.65



Major Global Rates

LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.33	0.46	1.50	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	0.33	0.79	2.91	5.47
EURINR	0.44	1.18	5.18	10.20
GBPINR	0.41	1.00	4.10	8.14
JPYINR	0.31	0.80	3.81	8.29

Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	22181	1.15
	SHANGHAI	3245	1.29
	NIKKEI	27767	-1.72
INDIA	SENSEX	58544	1.04
	NIFTY	17483	0.91
EUROPE	CAC	6589	0.00
	DAX	14820	2.79
	FTSE	7537	0.86
US	DOW	35294	0.97
	NASDAQ	14620	1.84

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1923.95	7.54	0.39
SILVER (\$/ounce)	24.76	0.03	0.11
WTI Crude (\$/bbl)	105.28	1.04	1.00
Dollar INDEX	98.14	-0.26	-0.26
Bloomberg ADXY	107.30	0.07	0.07

FPI INFLOWS	FY 2021-22	CY 2022	29-Mar-22
EQUITY	-142,216	-112,225	-391
DEBT	16,669	-5,983	-820
HYBRID	3,478	1,719	-7
TOTAL	-122,069	-116,489	-1,217

Figures are in INR Crores

Pivot Points

JPYINR pair is likely to take immediate support at 61.87 (S1)

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
29-Mar	JPY	5:00 AM	Unemployment Rate (Feb)	2.70%	2.80%	2.80%	Bearish
	EUR	11:30 AM	GfK German Consumer Climate (Apr)	-15.50	-14.00	-8.10	Bearish
	USD	7:30 PM	CB Consumer Confidence (Mar)	107.20	107.00	110.50	Bullish
	USD	7:30 PM	JOLTs Job Openings (Feb)	11.266M	11.000M	11.263M	Bullish
30-Mar	EUR	2:30 PM	Consumer Confidence (Mar)		-18.70	-18.70	
	EUR	5:30 PM	German CPI (MoM) (Mar)		1.60%	0.90%	
	USD	5:45 PM	ADP Nonfarm Employment Change (Mar)		450K	475K	
	USD	6:00 PM	GDP (QoQ) (Q4)		7.10%	2.3%	

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