



FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

23 September 2021



Markets Recap

The USDINR pair made a gap down opening at 73.78 levels and traded in the range of 73.62-73.83 with a negative bias and the pair closed at 73.64 levels. The Reserve Bank of India set the reference rate for USDINR at 73.7261 levels. The Indian rupee rose against the US dollar following a surge in domestic benchmark equities. The Indian rupee was also supported by some banks which were said to have sold dollars for foreign fund inflows into Indian companies raising funds via various means. Despite a slightly hawkish stance by the US central bank, most Asian currencies remained supported and fell only 0.1-0.2% against the dollar as investors were relieved by reports that China may have entered an agreement with its second-largest real estate player Evergrande to restructure its liabilities worth over \$300 bln. Reports that Evergrande will meet its coupon payment today on an onshore bond improved risk appetite among Asian investors. Germany's economic recovery from the Covid-19 pandemic lost momentum in September, with its flash Purchasing Managers' Index showing growth in the manufacturing sector slowed to an eight-month low reading of 58.5 from 62.6 in August. S&P Global stated that it has lifted both its euro area economic growth and inflation forecasts for this year, but expected to fall back below its 2% target next year. They also stated that Europe's economic recovery since lockdown restrictions were lifted in March-April had been "surprisingly strong,".

Technical corner

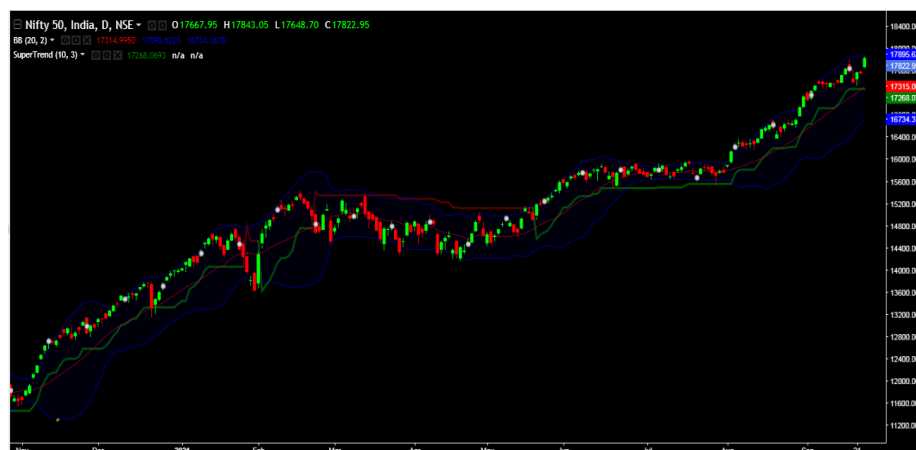
USDINR CHART (Daily)



The USDINR pair has closed the trading session at 73.64 levels. Immediate resistance to be around 74.01. On the flipside, the immediate support will be at the 73.44 levels which is also the middle bollinger band.

Equity market

NIFTY CHART (Daily)



Indian benchmark indices surged over 1% each on Thursday amid strong global cues after the US Federal Reserve hinted that it may begin scaling down asset purchases only by November and complete the process by mid-2022. The Sensex jumped 960 points to close at 59,887, just 100 points shy of 60,000. Meanwhile, while Nifty ended the session 276 points higher at 17,823. Broader markets also advanced. BSE Midcap rose 1.3% and the Smallcap was up 0.93% at the end of the day.

Forward Premia

• Dollar Rupee Month End Forward Premium

USDINR Month end Premium													
Description	CASH/SPOT	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22
Premiums in paise	1.50	0.50	21.50	44.00	67.50	93.50	116.50	142.50	181.50	210.00	237.00	264.50	294.00
Outright Rate	73.63	73.65	73.86	74.08	74.32	74.58	74.81	75.07	75.46	75.74	76.01	76.29	76.58
Annualized Premium %	1.24	0.83	3.33	3.41	3.52	3.68	3.75	3.82	4.20	4.23	4.26	4.30	4.32

Market At Glance

• Market Activity

Key rates	Closing
USDINR closing rate	73.64
USDINR future(Sep)	73.75
US 10y bond yield	1.34%
India 10y bond yield	6.14%
Nifty	17823 (+1.57%)
1 Year Libor	0.23%
Highest OI for Call	74.00 strike (Sep)
Highest OI for Put	73.00 strike (Sep)

• Institutional Activity

CY 2021	INR crores			
	Equity	Debt	Hybrid	Total
Jan	19473	-4824	-17	14632
Feb	25787	-2124	350	24013
Mar	10482	6822	-281	17023
April	-9659	224	599	-8836
May	-2954	288	709	-1957
June	17215	-3946	-295	12974
July	-11308	4035	-138	-7411
Aug	2083	14376	97	16556
Sept	12921	6941	1337	21199
Total	64040	21792	2361	88193

* updated as on 23-September-2021

• Commodity Activity

	Last	% Change
Gold (\$/ounce)	1770.72	0.21
Silver (\$/ounce)	22.77	0.39
WTI Crude (\$/brl)	72.12	-0.15
Dollar Index	93.19	-0.29

• Rupee Counterpair data

	Open	High	Low	Close
USDINR	73.78	73.83	73.62	73.64
EURINR	86.78	86.83	86.31	86.32
GBPINR	101.03	101.10	100.52	100.69
CHFNR	80.10	80.15	79.59	79.60
JPYINR	67.40	67.44	66.93	66.97

The Evening Sunshine

Focus today will be on U.S PMI datasets

European stock markets traded higher today, despite business surveys indicating a regional slowdown, as sentiment surrounding the heavily indebted property group China Evergrande improved and the Federal Reserve delayed tapering its asset purchases. There was a similar story in France, as the country's preliminary composite PMI factoring in both the services and manufacturing sectors fell to 55.1 points in September from 55.9 in August. Wall street futures indicate a positive opening following a dovish statement on bond market tapering from the Federal Reserve.

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