



FX Partner You Can Trust

FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

30 June 2020



Markets Recap

After trading in a narrow range of 12 paise, USDINR pair ended the session at 75.50, lower by 8 paise from the previous close of 75.58. Nationalised banks on behalf of RBI were seen preventing downside. Global risk appetite turned weak after China passed the national security legislation for Hong Kong earlier today, which is seen jeopardising the region's autonomy and special status as a financial hub. The imposition of the security law on Hong Kong by China may prompt retaliation from the US. Market participants across the globe have been cautiously optimistic about economic recovery, given the expectations of monetary stimulus by major central banks on one hand and resurgence of COVID-19 cases on the other. Domestic indices erased all their intraday gains and ended up minor losses while the benchmark 10 year bond yield ended 2bps lower at 5.89%.

The pound weakened against the US dollar today post dismal GDP data and concerns over whether the UK will be able to reach a trade agreement with the European Union before the deadline ends on Dec 31 this year. The UK's GDP shrank 2.2% sequentially in the quarter ended March. This marked the largest quarterly fall in GDP growth during Jan-Mar in over 40 years. India posted a marginal current account surplus of \$0.6 billion (0.1 per cent of GDP) in Q4 of 2019-20 on the back of lower trade deficit, along with higher remittances.

Technical corner

USDINR CHART (Daily Chart)



“ USDINR pair bounced back from the support zone of 75.40 - 75.50 and ended the session at 75.50. On the flipside, daily middle bollinger band level at 75.75 is acting as a major hurdle from last week. ”

Equity market



“ Benchmark indices ended today's volatile session on a negative note, thus erasing all their early gains. The BSE Sensex ended at 34,916, down 46 points and the NSE's Nifty settled at 10,302, down 10 points. Sectors were mixed with pharma and PSU banks dragging the most while auto and FMCG indices capped the losses. Shares of Vodafone Idea dipped 4.5% ahead of the announcement of the March quarter results. ”

Forward Premia

● Dollar Rupee Month End Forward Premium

USDINR Month end Premium													
Description	CASH/SPOT	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Premiums in paise	0.5	19.75	42.25	65	88.75	112	139.25	162.25	184.25	210.25	239.5	262	289
Outright Rate	75.50	75.70	75.92	76.15	76.39	76.62	76.89	77.12	77.34	77.60	77.90	78.12	78.39
Annualized Premium %	1.21	3.29	3.40	3.49	3.58	3.59	3.70	3.72	3.73	3.74	3.83	3.80	3.85

Market At Glance

● Market Activity

Key rates	Closing
USDINR closing rate	75.50
USDINR future (July)	75.77
US 10y bond yield	0.63%
India 10y bond yield	5.89%
Nifty	10302 (-10)
1 Year Libor	0.56%
Highest OI for Call	76.00 strike (July)
Highest OI for Put	75.00 strike (July)

● Institutional Activity

CY 2020	INR crores			
	Equity	Debt	Hybrid	Total
Jan	12123	-11119	-46	958
Feb	1820	4734	2416	8970
March	-61973	-56211	-19	-118203
April	-6884	-8519	544	-14859
May	14569	-21935	11	-7355
June	21832	2221	1957	26010
Total	-18513	-90829	4863	-104479

* updated as on 30-June-2020

● Commodity Activity

	Last	% Change
Gold (\$/ounce)	1780.00	-0.04
Silver (\$/ounce)	18.12	0.32
Brent Crude (\$/brl)	41.19	-1.53
Dollar Index	97.62	0.09

● Rupee Counterpair data

	Open	High	Low	Close
USDINR	75.48	75.57	75.45	75.50
EURINR	84.88	85.04	84.51	84.74
GBPINR	92.86	93.09	92.56	92.94
CHFIR	79.39	79.54	79.23	79.54
JPYINR	70.16	70.28	70.03	70.13

The Evening Sunshine

US stock market opens lower ahead of Fed testimony

Treasury yields held steady while the dollar index is trading with minor gains ahead of Federal Reserve Chairman Jerome Powell's testimony to address the central bank's response to the coronavirus pandemic. Meanwhile, coronavirus cases continue to surge in the US, forcing states to walk back plans to further ease lockdown measures. „ The U.S. has now confirmed more than 2.59 million coronavirus cases with more than 126,000 deaths. Meanwhile, U.S. stocks fell modestly at the start of trading today.

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

IMPORTANT NOTICE AND DISCLAIMER

While every effort has been made to ensure that the data quoted and used for the research behind this document is reliable, there is no guarantee that it is correct, and IFA Global can accept no liability whatsoever in respect of any errors or omissions, or regarding the accuracy, completeness or reliability of the information contained herein. This document does not constitute a recommendation to sell and/or buy any financial products and is not to be considered as a solicitation and/or an offer to enter into any transaction. This document is a piece of economic research and is not intended to constitute investment advice, nor to solicit dealing in securities or in any other kind of investments. Although every investment involves some degree of risk, the risk of loss trading off-exchange forex contracts can be substantial. Therefore if you are considering trading in this market, you should be aware of the risks associated with this product so you can make an informed decision prior to investing. The material presented here is not to be construed as trading advice or strategy. IFA Global makes a strong effort to use reliable, expansive information, but we make no representation that it is accurate or complete. In addition, we have no obligation to notify you when opinions or data in this material change. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments.