



FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

25 October 2021



Markets Recap

The USDINR pair made a gap up opening at 74.98 levels and traded in the range of 74.97-75.10 with an upside bias. The pair finally closed at 75.08 levels. The RBI set the reference rate at 75.0191 levels. The USDINR pair strengthen today because rising cases of coronavirus in China dampened investor sentiment for emerging-market assets, including the Indian rupee. The latest outbreak of COVID-19 cases in China will also play on investor sentiments in the Asian equity markets. Meanwhile, elevated Brent crude oil prices were also said to have weighed on the rupee. High crude oil prices worsen India's current account deficit by increasing the import bill and, hence, weigh on the rupee. On an annualized basis, a premium on the one-year, exact period dollar/rupee contract settled static at 4.60% as compared with the previous close. The 10-year G-Sec benchmark 06.10 GS 2031 closed the day at 6.351%. 1-year OIS settled at 4.27% while the Overnight MIBOR fixings currently stand at 3.46%. German business morale deteriorated for the fourth month running in Oct as supply bottlenecks in manufacturing, a spike in energy prices and rising COVID-19 infections are slowing the pace of recovery in Europe's largest economy from the pandemic. The Ifo institute said that its business climate index fell to 97.7 from an upwardly revised 98.9 in Sept. Oil prices extended pre-weekend gains to hit multi-year highs, lifted by tight global supply and strengthening fuel demand in the United States and beyond as economies recover from

Technical corner

USDINR CHART (Daily)



The USDINR pair has closed the trading session at 75.08 levels. Immediate resistance to be around 75.78 levels. On the flipside, the immediate support will be at the 74.44 levels which is also the supertrend level.

Equity market

NIFTY CHART (Daily)



Domestic equity indices snapped their four-day losing streak and closed with tiny gains today. Banking and financial stocks rallied while IT, auto, and realty shares declined. Bank nifty was an outperformer with a 2.15% gain. The Sensex gained 0.24% to close the day at 60,967 while the Nifty 50 index rose 0.06% to settle at 18,125. The broader market slumped. The BSE mid-cap index lost 1.65% while the BSE small-cap index shed 1.73%.

Forward Premia

• Dollar Rupee Month End Forward Premium

USDINR Month end Premium													
Description	CASH/SPOT	Oct-21	Nov-21	Dec-21	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-22	Sep-22
Premiums in paise	1.00	0.50	27.00	53.00	81.25	105.75	134.25	175.25	205.25	233.50	261.75	291.25	319.75
Outright Rate	75.07	75.08	75.35	75.61	75.89	76.14	76.42	76.83	77.13	77.41	77.70	77.99	78.28
Annualized Premium %	2.43	1.22	3.86	3.96	4.11	4.15	4.21	4.63	4.62	4.61	4.63	4.61	4.60

Market At Glance

• Market Activity

Key rates	Closing
USDINR closing rate	75.08
USDINR future (Oct)	75.10
US 10y bond yield	1.66%
India 10y bond yield	6.35%
Nifty	18125 (+0.06%)
1 Year Libor	0.32%
Highest OI for Call	75.00 strike (Oct)
Highest OI for Put	75.00 strike (Oct)

• 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	13154	13363	1239	27756
Oct	-5116	571	-122	-4667
Total	59157	28785	2141	90083

* updated as on 25-October-2021

• Commodity Activity

	Last	% Change
Gold (\$/ounce)	1799.31	0.36
Silver (\$/ounce)	24.36	0.17
WTI Crude (\$/brl)	84.43	0.80
Dollar Index	93.74	0.12

• Rupee Counterpair data

	Open	High	Low	Close
USDINR	74.98	75.10	74.97	75.08
EURINR	87.12	87.55	87.16	87.26
GBPINR	102.87	103.53	103.00	103.38
CHFINR	81.72	82.02	81.61	81.66
JPYINR	65.91	66.11	65.80	66.02

The Evening Sunshine

Focus today will be on the US Dallas Fed Mfg Business Index data

European stocks were muted as investors continued to monitor corporate earnings, Covid-19 and the inflation picture. U.S. stock futures edged up ahead of a big week of earnings from major technology companies. Global investors continue to track inflation, which has risen sharply around the world as spiking energy prices and supply chain bottlenecks converge. Investors also monitored the stock of embattled property developer China Evergrande Group, which whipsawed after the firm announced Sunday that it had resumed work on more than 10 projects.

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