



FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

16 July 2021



Markets Recap

The USDINR pair made a flat opening at 74.54 levels and traded in the range of 74.51-74.66 with a sideways bias. The pair finally closed the day at 74.56 levels. The rupee remained weak against the US dollar because public sector banks bought the US unit persistently, likely on behalf of the RBI. The central bank is said to have consistently intervened in the spot market for the last few days to prevent the rupee from appreciating beyond the psychological level of 74.00 a dollar. Some banks were said to have placed their bets in favour of the dollar after they noted a firm US unit globally. This dragged the rupee down to 74.66 a dollar. The premium on dollar/rupee forwards contracts was slightly higher today because some state-owned banks purchased forward dollars, likely on behalf of the RBI. Bank of Japan kept interest rate targets unchanged. BoJ also cut the current fiscal year's growth forecast as new emergency curbs to combat the pandemic hurt consumption, reinforcing expectations that it will lag global counterparts in dialing back its massive stimulus. The BOJ sharply revised up its consumer inflation forecast for the current fiscal year to 0.6% from 0.1% due in large part due to recent rises in energy costs and commodities prices. Eurozone CPI was finalized at 1.9% yoy in June, down from May's 2.0% yoy. The RBI set the reference rate for USDINR at 74.62 levels. India's Foreign exchange reserves stood at USD 611.90 billion, up by USD 1.88 billion on the week ended on 9th July.

Technical corner

USDINR CHART (Daily)



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The USDINR pair has closed the trading session at 74.56 levels. Immediate resistance to be around 74.81 levels which is the upper Bollinger band. On the flipside, the immediate support will be at the 74.43 levels.
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Equity market

NIFTY CHART (Daily)



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The key domestic equity indices ended the day almost flat. The Nifty managed to float above the 15,900 marks. The Pharma and realty shares were in demand while IT and banks shares recorded corrections. The Sensex slipped by 0.04% to close at 53,140 while the Nifty 50 index lost 0.01% to settle at 15,923. The broader markets outperformed the benchmark indices. The BSE mid-cap index gained by 0.45% while BSE small-cap index added 0.38%.
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Forward Premia

• Dollar Rupee Month End Forward Premium

USDINR Month end Premium													
Description	CASH/SPOT	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Premiums in paise	2.00	7.25	32.25	57.50	83.75	111.50	139.00	168.00	193.50	222.00	261.00	290.50	319.00
Outright Rate	74.54	74.63	74.88	75.14	75.40	75.68	75.95	76.24	76.50	76.78	77.17	77.47	77.75
Annualized Premium %	2.45	3.55	3.76	3.91	4.06	4.10	4.15	4.22	4.25	4.28	4.51	4.51	4.53

Market At Glance

• Market Activity

Key rates	Closing
USDINR closing rate	74.56
USDINR future(July)	74.71
US 10y bond yield	1.32%
India 10y bond yield	6.13%
Nifty	15923 (-0.80)
1 Year Libor	0.24%
Highest OI for Call	74.50 strike (July)
Highest OI for Put	74.50 strike (July)

• 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	-4515	3033	-35	-1517
Total	55829	-527	1030	56332

* updated as on 16-July-2021

• Commodity Activity

	Last	% Change
Gold (\$/ounce)	1822.71	-0.36
Silver (\$/ounce)	26.10	-0.81
WTI Crude (\$/brl)	71.92	0.38
Dollar Index	92.61	-0.01

• Rupee Counterpair data

	Open	High	Low	Close
USDINR	74.54	74.66	74.51	74.56
EURINR	87.98	88.16	87.98	88.03
GBPINR	102.91	103.37	102.89	103.00
CHFNR	81.14	81.28	81.06	81.12
JPYINR	67.87	67.92	67.68	67.68

The Evening Sunshine

Focus to be on the US Retail Sales data

European stocks rose on as travel stocks rebounded after posting sharp losses this week, while a batch of upbeat earnings reports overshadowed concerns about rising cases of Delta variant. US stock futures rose as investors awaited more earnings figures from major companies and digested comments from Powell, who said the Federal Reserve will keep up its support for the economy. Investors remain somewhat stumped by the fall in yields at a time when inflation has surged in economies across the world, eroding the value of bonds' fixed payments.

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