



Treasury Partner You Can Trust

FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

28 June 2021



Markets Recap

The Indian rupee made a flat opening at 74.25 levels and traded in the range of 74.19-74.27 with a sideways bias. The pair finally closed the day at day's low of 74.19 levels. The rupee recovered its losses and was steady against the dollar after banks likely sold the greenback due to the expiry of the June futures contracts today. Earlier in the day, the Indian unit was a tad down as oil importers purchased the greenback after noting elevated Brent crude prices. The price of Brent crude oil futures for September delivery rose to as much as \$75.77 a barrel on the Intercontinental Exchange earlier today, as compared to \$75.38 a bbl at close on Friday. Higher crude prices increase the value of India's import bill, thereby worsening the nation's current account deficit. This in turn weighed on the rupee. Overnight Indexed Swap rates ended higher today tracking a rise in crude oil prices and US Treasury yields, which prompted traders to pay fixed rates. The one-year swap rate ended at 3.96% against 3.93% on Friday, and the five-year OIS rate settled at 5.47% versus the previous close of 5.43%. The RBI set the reference rate for USDINR at 74.20 levels. The 1-year dollar/rupee forwards premium closed at 4.39% as against the 4.37% recorded in the previous day. According to a Reuters poll, Chinese factory activity likely expanded at a slower pace in June, hit by a resurgence of COVID-19 cases in the major export province of Guangdong, though quick containment indicates economic disruption is easing.

Technical corner

The USDINR pair has closed the trading session at 74.19 levels. Immediate resistance to be around 74.60 levels which is the upper Bollinger band. On the flipside, the immediate support will be at the 73.49 levels.

USDINR CHART (Daily)



Equity market

The Sensex slipped into the red to end at 52,736, down 0.36% while the Nifty50 closed at 15,815, down 0.29%. The BSE Midcap index ended at 22,639, up 0.40% while the BSE Smallcap index closed at 25,111, up 0.46%. On the sectoral front, Nifty Metal was up 1.28% while Nifty Pharma was up 1.27%. Nifty PSU Bank recorded the highest gains of 2.40% among the sectoral indices. Meanwhile, Nifty IT was down 0.49%. Nifty Bank was down 0.01% while Nifty Financial Services was down 0.33%.

NIFTY CHART (Daily)



Forward Premia

• Dollar Rupee Month End Forward Premium

Description	CASH/SPOT	USDINR Month end Premium												
		Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-21	
Premiums in paise	1.00	21.75	47.25	72.00	97.50	124.00	150.50	179.00	204.50	233.00	268.50	297.75	325.50	
Outright Rate	74.18	74.41	74.66	74.91	75.17	75.43	75.70	75.98	76.24	76.52	76.88	77.17	77.45	
Annualized Premium %	2.46	3.57	3.75	3.85	3.96	3.99	4.02	4.10	4.14	4.18	4.36	4.37	4.39	

Market At Glance

• Market Activity

Key rates	Closing
USDINR closing rate	74.19
USDINR future(July)	74.43
US 10y bond yield	1.52%
India 10y bond yield	6.07%
Nifty	15,814 (-45)
1 Year Libor	0.25%
Highest OI for Call	74.50 strike (June)
Highest OI for Put	73.00 strike (June)

• 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	15103	-3539	-300	11264
Total	58232	-3153	1060	56139

* updated as on 28-June-2021

• Commodity Activity

	Last	% Change
Gold (\$/ounce)	1777.62	-0.20
Silver (\$/ounce)	26.07	-0.10
WTI Crude (\$/bbl)	73.99	-0.08
Dollar Index	91.76	-0.06

• Rupee Counterpair data

	Open	High	Low	Close
USDINR	74.25	74.27	74.19	74.19
EURINR	88.56	88.65	88.47	88.55
GBPINR	102.98	103.45	102.99	103.20
CHFINR	80.87	80.95	80.77	80.82
JPYINR	66.97	67.12	66.97	67.01

The Evening Sunshine

Focus to be on FOMC Members speech

U.S. equity futures were steady while European markets fell, after a spike in coronavirus cases at the weekend hurt investor sentiment and oil hovered at about two-and-a-half-year highs. Weaker-than-expected US inflation and news of a bipartisan US infrastructure agreement boosted risk appetite last week. Investors are keenly watching the progress of US President Biden's bipartisan infrastructure deal through Congress. The package could boost demand significantly, driven by investment in renewables and electric vehicle infrastructure.

Headquarters:-

India Forex Advisors Pvt. Ltd.

H-125, 1st Floor, Kanakia Zillion,

LBS Marg, CST Road Junction,

Bandra Kurla Complex Annexe, Mumbai-400070

Contact No. +91 8879390076

For further Information,

Contact:

Research Desk: Mr.Amit Soni at +91 8291983820

Advisory Desk: Mr.Anurag Murarka at +91 8879008151

Sales Enquiry: Mrs.Radhika Nathani at +91 9769816454

Or you can mail us on: info@ifaglobal.net

You can also visit our website: www.ifaglobal.net

Blog: <https://www.ifaglobal.net/blogs>

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