



FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

20 January 2022



Markets Recap

The USDINR pair made a flat opening at 74.43 levels and traded in the range of 74.30-74.53 with a sideways bias. The pair finally closed at 74.50 levels. The Reserve Bank of India set the reference rate at 74.3618. The USDINR pair had opened steady today on back no major trigger before the FOMC policy meeting on Jan 25-26. However, later in the day USDINR pair slightly rose because some state-owned and private banks purchased the US dollar on behalf of oil marketing companies, noting elevated Brent crude oil prices. A sharp fall in domestic equity indices also dampened sentiment for the Indian currency. Market participants are expecting cues on the pace at which the US central bank will end its bond purchase programme, as well as on when it might begin reducing the size of its massive balance sheet to curb inflation. Investors expect the Fed to hike interest rates in March, for the first time since the start of the COVID-19 pandemic, while already pricing in four rate hikes in 2022. On the contrary, China's central bank cut its benchmark lending rates again amid concerns about an economic slowdown in the world's second-largest economy. The People's Bank of China reduced the one-year loan prime rate by 10 basis points from 3.8% to 3.7%. The Central Bank of the Republic of Turkey kept its key policy rate one-week repo rate unchanged at 14%, in line with expectations. The decision was announced after the first monetary policy meeting of the year.

Technical corner

USDINR CHART (Daily)



“ The USDINR pair has closed the trading session at 74.50 levels. Immediate resistance to be around 74.66 levels which is also the supertrend level. On the flipside, the immediate support will be at 73.77 levels which is also the lower Bollinger band. ”

Equity market

NIFTY CHART (Daily)



“ Indian equity benchmarks Sensex and Nifty 50 ended a volatile session sharply lower amid broad-based selling. Weakness in IT, financial and oil & gas shares was the main contributor to the fall in headline indices, though strength in metal shares lent some support. The Nifty Midcap 100 and Smallcap 100 indices finished the day 0.2% and 0.1% lower. The Sensex lost 1.06% to close at 59465 while the Nifty 50 index erased 1.01% to settle at 17757. ”

Forward Premia

• Dollar Rupee Month End Forward Premium

USDINR Month end Premium													
Description	CASH/SPOT	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Premiums in paise	2.00	4.50	26.75	54.25	94.25	124.25	153.25	182.75	213.25	242.75	273.25	301.25	329.00
Outright Rate	74.48	74.55	74.77	75.04	75.44	75.74	76.03	76.33	76.63	76.93	77.23	77.51	77.79
Annualized Premium %	2.45	3.15	3.74	4.03	4.86	4.79	4.78	4.81	4.79	4.78	4.78	4.76	4.74

Market At Glance

• Market Activity

Key rates	Closing
USDINR closing rate	74.50
USDINR future (Jan)	74.56
US 10y bond yield	1.84%
India 10y bond yield	6.61%
Nifty	17757 (-1.01%)
1 Year Libor	0.80%
Highest OI for Call	75.00 strike (Jan)
Highest OI for Put	74.50 strike (Jan)

• Institutional Activity

FY 2021-22	INR crores			
	Equity	Debt	Hybrid	Total
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	-13550	1272	-159	-12437
Nov	-5945	3449	-24	-2520
Dec	-19026	-10408	-269	-29703
Jan	-4197	1949	1723	-525
Total	-34187	24602	3482	-6103

* updated as on 20-January-2022

• Commodity Activity

	Last	% Change
Gold (\$/ounce)	1839.19	0.05
Silver (\$/ounce)	24.23	0.63
WTI Crude (\$/brl)	85.77	-0.05
Dollar Index	95.60	0.10

• Rupee Counterpair data

	Open	High	Low	Close
USDINR	74.43	74.53	74.30	74.50
EURINR	84.46	84.58	84.34	84.48
GBPINR	101.45	101.57	101.24	101.45
CHFNR	81.27	81.47	81.16	81.35
JPYINR	65.14	65.27	64.92	65.17

The Evening Sunshine

Focus to be on the US existing home sales and initial jobless claims data

European stocks headed lower as cautious investors continued to assess how far and fast the US Federal Reserve will begin raising interest rates this year. U.S. futures rose as the global sovereign-bond selloff paused and investors turned their focus to corporate earnings. Investors awaited U.S. data including unemployment claims. ECB head Christine Lagarde said eurozone inflation is expected to decrease gradually over the year, adding that bank did not need to act as boldly as the Fed because of a different economic situation.

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 and Advisory Desk: +91 8879008151
Sales Enquiry: +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>

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.