



FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

28 March 2022



Markets Recap

The USDINR pair opened at 76.37 levels and traded in the range of 76.16-76.38 with a downside bias. The USDINR pair closed at 76.16. The RBI set the reference rate at 76.2569. The USDINR pair slipped due to persistent dollar selling by exporters who wanted to liquidate their deliverables before closing their books for the quarter. Moreover, domestic equity indices recovered from losses incurred earlier and rose, which also supported the rupee. Most Asian currencies were down against the US dollar today as the imposition of COVID-19-related restrictions in the Chinese city of Shanghai stoked fear of supply chain disruptions and further hardening of inflation. The US dollar has strengthened against the major currencies due to risk aversion and the hawkish Fed comments. Premiums on dollar/rupee forward contracts fell significantly because of expectations that the interest rate differential between India and the US will narrow further. On an annualized basis, the premium was at 3.78%, against 3.91% the previous day. Oil prices slumped after fresh Covid-19 lockdowns in China, prompting fears over weaker fuel demand. The Japanese yen crashed to a six-year low versus the dollar and headed for its biggest daily loss since March 2020 after the BoJ moved to contain rising bond yields, even as U.S. Treasury yields soared to new multi-year highs. To stop those yield rises from spilling into Japanese bond markets, the BoJ offered to buy an unlimited amount of debt with maturities of more than five years and up to 10 years.

Technical corner

USDINR CHART (Daily)



“ The USDINR pair has closed the trading session at 76.16. Immediate resistance to be around 77.07 levels which is also the upper bollinger band. On the flipside, the immediate support will be at 75.54 levels which is also the supertrend level. ”

Equity market

NIFTY CHART (Daily)



“ Indian equity benchmarks Sensex and Nifty 50 finished a choppy session mildly higher led by a rebound in financial shares. Besides, gains in auto and metal shares also pushed the headline indices higher though losses in IT and pharma limited the upside. The Nifty Midcap 100 declined 0.18% for the day while the Nifty Smallcap 100 fell 0.73%. The Sensex gained 0.40% to close at 57593 while the Nifty 50 index added 0.40% to settle at 17222. ”

Forward Premia

• Dollar Rupee Month End Forward Premium

| USDINR Month end Premium | | | | | | | | | | | | | |
|--------------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Description | CASH/SPOT | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 |
| Premiums in paise | 0.50 | 0.25 | 31.25 | 55.75 | 78.75 | 101.25 | 125.00 | 148.00 | 172.00 | 194.25 | 216.50 | 241.00 | 262.50 |
| Outright Rate | 76.15 | 76.16 | 76.47 | 76.71 | 76.94 | 77.17 | 77.41 | 77.64 | 77.88 | 78.10 | 78.32 | 78.57 | 78.78 |
| Annualized Premium % | 1.20 | 1.20 | 5.11 | 4.33 | 4.12 | 4.06 | 3.95 | 3.88 | 3.86 | 3.83 | 3.81 | 3.79 | 3.78 |

Market At Glance

• Market Activity

| Key rates | Closing |
|----------------------|--------------------|
| USDINR closing rate | 76.16 |
| USDINR future (Mar) | 76.18 |
| US 10y bond yield | 2.48% |
| India 10y bond yield | 6.84% |
| Nifty | 17222 (+0.40%) |
| 1 Year Libor | 2.09% |
| Highest OI for Call | 76.50 strike (Mar) |
| Highest OI for Put | 76.00 strike (Mar) |

• 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 | -33303 | 3080 | 1697 | -28526 |
| Feb | -35592 | -2586 | 110 | -38068 |
| Mar | -42939 | -5658 | -81 | -48678 |
| Total | -141824 | 17489 | 3485 | -120850 |

* updated as on 28-March-2022

• Commodity Activity

| | Last | % Change |
|--------------------|---------|----------|
| Gold (\$/ounce) | 1932.43 | -1.26 |
| Silver (\$/ounce) | 25.02 | -1.92 |
| WTI Crude (\$/brl) | 108.43 | -4.70 |
| Dollar Index | 99.08 | 0.23 |

• Rupee Counterpair data

| | Open | High | Low | Close |
|--------|--------|--------|-------|--------|
| USDINR | 76.37 | 76.38 | 76.16 | 76.16 |
| EURINR | 83.71 | 83.78 | 83.45 | 83.67 |
| GBPINR | 100.36 | 100.46 | 99.99 | 100.01 |
| CHFNR | 81.94 | 81.94 | 81.22 | 81.49 |
| JPYINR | 62.45 | 62.46 | 60.90 | 61.40 |

The Evening Sunshine

European stocks moved higher today as investors continue monitoring developments in the war between Ukraine and Russia. Global markets are watching events in Ukraine closely more than a month after Russia began its invasion of the country. U.S. stock futures wavered and bond yields rose near their highest level in three years as investors prepared for a campaign of interest-rate increases from the Federal Reserve. The focus to be on the BoE Gov Bailey Speech due later today.

Focus to be on the BoE Gov Bailey Speech

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