



FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

25 March 2022



Markets Recap

The USDINR pair opened at 76.15 levels and traded in the range of 76.13-76.29 with a sideways bias. The USDINR pair closed at 76.20. The RBI set the reference rate at 76.1781. The USDINR pair slipped as crude oil prices eased from their earlier highs after the European Union failed to agree on a plan to boycott Russian oil, and on reports that exports from Kazakhstan's Caspian Pipeline Consortium terminal could resume partially. A fall in oil prices decreases India's import bill, which supports sentiment for the Indian currency. However, later in the day, some banks stepped in to buy dollars on behalf of importers at relatively lower dollar/rupee levels, which weighed on sentiment for the domestic currency. A fall in domestic equity indices also dampened sentiment for the Indian rupee. Overnight indexed swap rates ended lower today, tracking a decline in crude oil prices, which led traders to receive fixed rates across maturities. The one-year swap rate settled at 4.51% against the previous close of 4.54% and the five-year swap rate closed at 6.00% against 6.04% on Thursday. Core consumer prices in Japan's capital rose at the fastest pace in more than two years in March, propelled by energy costs that have hit a four-decade high following Russia's invasion of Ukraine. The UK retail sales came in at -0.3% over the month in February vs. 0.6% expected. Germany's business sentiment declined sharply in March as expectations logged a record collapse amid the war in Ukraine, survey results from the ifo Institute showed.

Technical corner

USDINR CHART (Daily)



The USDINR pair has closed the trading session at 76.20. Immediate resistance to be around 77.08 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 lower, extending losses to a third straight session. Losses in IT and consumer stocks pulled the headline indices lower, though gains in realty shares kept the downside in check. The Nifty midcap 100 slipped 0.12% lower at the close while the Nifty smallcap 100 index fell 0.49%. The Sensex erased 0.41% to close at 57362 while the Nifty 50 index lost 0.40% to settle at 17153.

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	1.50	0.25	34.50	59.50	83.50	106.75	131.50	155.50	180.50	204.00	227.50	252.50	274.50
Outright Rate	76.18	76.20	76.54	76.79	77.03	77.27	77.51	77.75	78.00	78.24	78.47	78.72	78.94
Annualized Premium %	2.00	1.20	5.33	4.52	4.30	4.19	4.09	4.03	4.00	3.98	3.95	3.93	3.91

Market At Glance

• Market Activity

Key rates	Closing
USDINR closing rate	76.20
USDINR future (Mar)	76.22
US 10y bond yield	2.36%
India 10y bond yield	6.81%
Nifty	17153 (-0.40%)
1 Year Libor	2.06%
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	-41550	-6635	-77	-48262
Total	-140435	16512	3489	-120434

* updated as on 25-March-2022

• Commodity Activity

	Last	% Change
Gold (\$/ounce)	1954.90	-0.21
Silver (\$/ounce)	25.61	0.12
WTI Crude (\$/brl)	110.20	-1.90
Dollar Index	98.58	-0.21

• Rupee Counterpair data

	Open	High	Low	Close
USDINR	76.15	76.29	76.13	76.20
EURINR	83.95	84.29	83.84	83.88
GBPINR	100.59	100.97	100.27	100.54
CHFINR	81.99	82.45	82.01	82.21
JPYINR	62.42	63.02	62.38	62.62

The Evening Sunshine

Focus to be on the US Pending Home Sales data

European markets and U.S. equity futures rose as investors evaluated economic risks from Federal Reserve monetary-policy tightening and Russia's war in Ukraine. Investors continue to grapple with the ramifications of Russia's invasion and isolation, including elevated raw-material costs that have stoked expectations of higher inflation and more aggressive Fed interest-rate hikes. Focus to be on the US Pending Home Sales data later today.

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>

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