



FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY HIGHLIGHTS

14 June 2021



Markets Recap

The Indian rupee made a gap up opening at 73.20 levels and traded in the range of 73.11-73.27 with an upside bias. The pair finally closed the day at 73.27 levels. The rupee fell to its lowest level in nearly two weeks against the US dollar in choppy trade because the dollar strengthens across all major currencies and a further rise in Brent crude oil prices prompted oil marketing companies to step up their demand for dollars. Higher crude oil price worsens the outlook on India's current account deficit since the value of imports rises, thereby dampening the sentiment for the domestic currency. India's CPI inflation accelerated to a six-month high print of 6.30% in May, breaching the upper band of the Reserve Bank of India's flexible inflation target. A Reuters poll estimated the CPI inflation rate to be 5.30% in May. Meanwhile, the wholesale price-based inflation, released earlier during the day, soared to a record high of 12.94% in May, on rising prices of crude oil and manufactured goods. This is the fifth straight month of uptick seen in the WPI based inflation. Industrial output in the 19 countries of the bloc rose by 0.8% m-o-m. This beat analysts' estimate of a 0.4% increase. On an annualized basis, a premium on the one-year, exact-period dollar/rupee contract was at 4.60%, against the previous close of 4.52%. The RBI set the reference rate for USDINR at 73.18 levels. The 10-year G-Sec benchmark closed the day at 6.0044% levels while the overnight money market rate settled at 3.27% as against 3.26% recorded in the previous close.

Technical corner

USDINR CHART (Daily)



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The USDINR pair has closed the trading session at 73.27 levels. Immediate resistance to be around 73.45 levels which is 38% retracement of the last month fall from 75.32-72.32. On the flipside, the immediate support will be at the 72.49 levels.
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Equity market

NIFTY CHART (Daily)



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The Sensex index settled 0.15% higher at 52,552 while the Nifty50 index closed at 15,812, up by 0.08%. India's VIX index rose 4% on the NSE today, suggesting high volatility in the markets. In the broader markets, the BSE MidCap index ended the day in the red, down 0.7% while the BSE SmallCap index closed 0.2% lower. Sectorally, the Nifty PSU Bank index ended the day as the top gainer on the NSE, up 0.58%, while the Nifty Realty index closed as the worst performer, down by 1.52%.
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Forward Premia

• Dollar Rupee Month End Forward Premium

USDINR Month end Premium													
Description	CASH/SPOT	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
Premiums in paise	0.50	10.00	36.00	64.00	90.50	118.00	146.75	175.00	204.25	229.75	258.50	293.00	322.50
Outright Rate	73.27	73.37	73.63	73.91	74.18	74.45	74.74	75.02	75.31	75.57	75.86	76.20	76.50
Annualized Premium %	1.25	3.56	4.08	4.20	4.25	4.35	4.38	4.40	4.44	4.45	4.47	4.60	4.60

Market At Glance

• Market Activity

Key rates	Closing
USDINR closing rate	73.27
USDINR future(June)	73.35
US 10y bond yield	1.46%
India 10y bond yield	6.00%
Nifty	15,812 (+12)
1 Year Libor	0.24%
Highest OI for Call	73.00 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	15625	-2078	-265	13282
Total	58754	-1692	1095	58157

* updated as on 14-June-2021

• Commodity Activity

	Last	% Change
Gold (\$/ounce)	1854.54	-1.17
Silver (\$/ounce)	27.68	-0.74
WTI Crude (\$/bbl)	71.38	0.66
Dollar Index	90.49	-0.01

• Rupee Counterpair data

	Open	High	Low	Close
USDINR	73.20	73.27	73.11	73.27
EURINR	88.20	88.82	88.39	88.80
GBPINR	102.90	103.31	103.08	103.29
CHFNR	81.32	81.58	81.28	81.57
JPYINR	66.61	66.84	66.54	66.81

The Evening Sunshine

Focus to be on US 6-Month Bill Auction

European stocks hit a new record high as the latest readings show that the economic recovery in the euro area gathers pace and the ECB will continue to support it through asset purchases. U.S. equity futures posted modest gains as investors prepared for the Fed Reserve meeting later in the week. Investors are on the lookout for signals from the Fed about a timetable for scaling back emergency monetary stimulus. Investors anticipate the central bank will reaffirm the pace of bond purchases, even if it delivers projections for interest-rate liftoff in 2023.

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