



FX Partner You Can Trust

FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

4 March 2021



From CEO's Desk

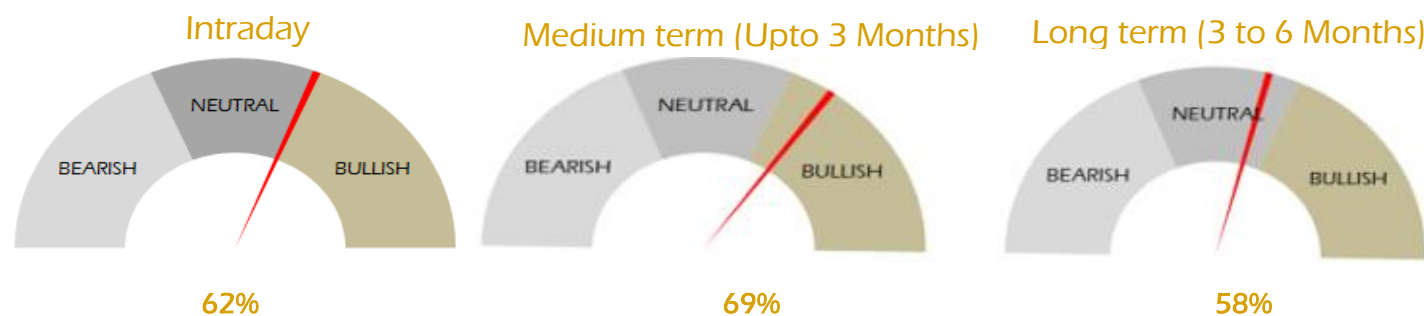


Mr. Abhishek Goenka

US Feb ADP private payroll data and ISM non manufacturing PMI, both missed estimates. US bond yields have inched higher across the curve with 2y up 2bps at 0.14% and 10y at 1.48%, which led to dollar strengthening across the board. The Nasdaq underperformed the Dow and the S&P, ending 2.7% lower. Fed member Evans said that further monetary policy stimulus may not be needed if the US parliament manages to pass the USD 1.9tn stimulus package. The focus will be on Fed chair Powell's speech today evening to see if he acknowledges if down side risks to the economy have receded or whether he reiterates that the US is still from its employment and inflation objectives. The UK government tabled an expansionary budget, extending tax holidays and continuing to support measures to the economy. Fiscal consolidation has been put on hold as of now. The UK economy is likely to reach pre-pandemic levels by mid 2022, earlier than previously forecast. The Rupee strengthened yesterday on inflows and exporter selling on break below 73.15. Nationalized banks were absent from bids as a result of which USDINR plumbed lows of around 72.70. Also in focus will be the US jobless claims and the outcome of the OPEC+ meet.

Strategy: Exporters are advised to cover a part of their near-term exposure on upticks towards 73.50. Importers are advised to cover through forwards on dips towards 72.50. The 3M range for USDINR is 72.50 – 74.40 and the 6M range is 73.00 – 76.00.

IFA Dollar- Rupee Sentiment Index



Note: The above outlook is based on IFA Global Research Academy Proprietary ("IFA Dollar - Rupee Sentiment Index") based on various techno-fundamental factors relevant to the particular outlook horizon. The index weights have been arrived at after rigorous back testing. The factors which are considered for computation of barometers includes pre-defined and back tested weightage given to fundamental factors such as economic data, FII flows, Global equity markets, Government & RBI activity, Onshore-offshore activity, other peer currency performance and other macro economic factors. Further, this module also considers factors such as major MPC member's speech, meeting or summit. On the technical front, factors include indicators and oscillators such as RSI, stochastic, combination of moving averages and other basic & advance technical studies. (0 - 20%=extremely bearish, 21% - 40%=bearish, 41% - 60%=neutral, 61% - 80%=bullish, 81% - 100% extremely bullish)

News On The Street

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U.S. service sector slows as businesses facing higher costs

- Oil surges after record U.S. fuel supply drop from deep freeze
- India's record high pump prices threaten road to recovery
- U.S. private payrolls rise modestly, worker shortages emerging
- Euro zone in double-dip recession but optimism abounded in February
- Fall in UK economic activity bottoms out in February

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FX Outlook for the day

● USDINR (RANGE - 72.90 - 73.25)



USDINR pair opened slightly higher at 73.02 levels. A strong risk on mood in the financial markets weighed on demand for the US Dollar and boosted the Indian Rupee. The U.S. private-sector added jobs in February at a slower pace than in the prior month. The pair is expected to trade in a range bound manner with a neutral bias ahead of US Jobs data and Fed's Powell speech due later today.



● EURUSD (RANGE- 1.2015 - 1.2100)



The euro slightly breached 1.21 levels on account of positive PMI data, but retreated as the dollar once again found demand amid higher government bond yields. The pair closed at 1.2047 levels. The euro's decline was fuelled by dovish comments from ECB policy makers who spoke in favour for more stimulus. The pair is expected to trade with a neutral bias ahead of Euro retail sales.



● GBPUSD (RANGE- 1.3890 - 1.3990)



The Pound advanced towards 1.40 amid a calmer market mood, but closed the day at 1.3923 levels. British FM Rishi Sunak delivered his annual budget speech in which he announced a costly extension to emergency aid program. A new COVID support of £65 million will be released. He also said the economy will regain its pre-pandemic size in the middle of 2022, six months earlier than previously forecast.



● USDJPY (RANGE- 106.80 - 107.50)



The US dollar rallied against yen once again to close at 107.07 levels. The risk-on mood, uptick in the US bond yields, and pickup in the dollar demand remained supportive. Japan published the February services PMI, which improved to 46.3 from 46.1. BOJ officials are prepared to stem any risk of Japan's benchmark bond yield rising too much ahead of a policy review later this month.



IFA Outlook

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Focus to be on OPEC Meeting & US Jobs data for the week

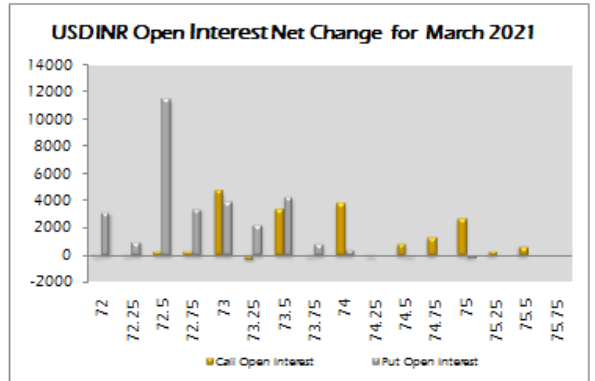
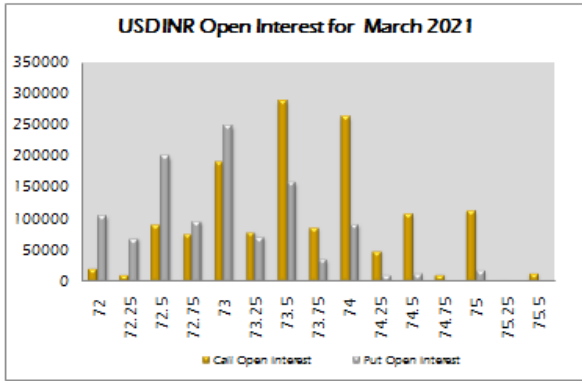
	Q4 FY 2020-21		Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22
USDINR	72.50-74.90	↔	73.00-76.00	↔	73.00 - 77.00	↑	73.00-76.00 ↔
\$ INDEX	89.00 - 93.00	↓	91.20- 95.50	↔	95.00- 100.00	↓	95.00- 100.00 ↓
EURUSD	1.1950-1.2350	↑	1.1700-1.2200	↑	1.1600-1.2150	↑	1.1450-1.2000 ↑
GBPUSD	1.3550-1.4150	↑	1.3700-1.4300	↑	1.3700-1.4400	↑	1.3600-1.4400 ↑
USDJPY	103.00 - 106.00	↓	104.00-108.00	↓	106.00-111.00	↔	107.00-112.00 ↔
AUDUSD	0.7150-0.7750	↑	0.7150- 0.7650	↑	0.7200- 0.7600	↔	0.7200- 0.7600 ↔
GOLD	\$1750 - \$2000	↑	\$1800- \$2100	↑	\$1700- \$2200	↑	\$1700- \$2200 ↑

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Activity Kurtosis

• USDINR Open Interest (March expiry)

“ Highest OI for Call is seen at 73.50 and for Put is seen at 73.00. Call buildup is seen at 73.00 and Put buildup is seen at 72.50 ”



• FII activity against USDINR and Nifty

“ FIIs have so far infused \$33.35 billion in the Financial year 2020-21 ”

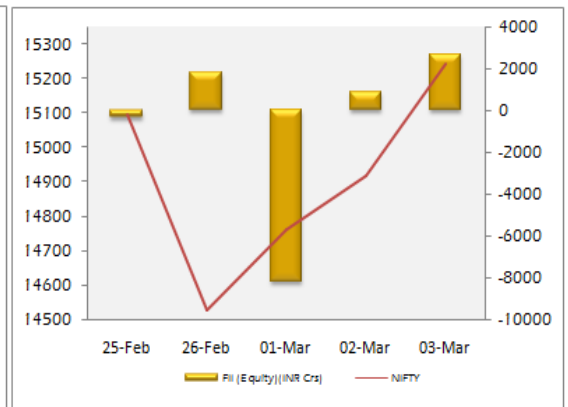
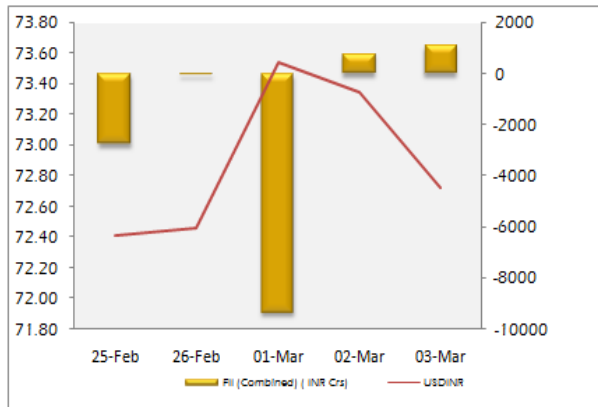


Chart of the Day

USDINR: 73.02

“ USDINR made a gap up opening at 73.02. Immediate support to be at 72.56 which is the supertrend level. On the flipside, upper bollinber band of 73.44 would act as immediate resistance. Major technical indicators suggest neutral bias for the day. ”



Major Global Rates

LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.08	0.10	0.21	0.28
EUR	-0.59	-0.58	-0.52	-0.49
JPY	0.04	-0.07	-0.05	0.05

Rolling Forward Premiums (in paise)

MONTH	1M	3M	1Y	2Y
USDINR	0.30	1.03	3.63	7.51
EURINR	0.42	1.42	5.12	10.70
GBPINR	0.44	1.46	5.18	10.60
JPYINR	0.31	1.03	3.74	7.86

Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	29251.15	-2.11
	SHANGHAI	3519.74	-1.60
	NIKKEI	29004.41	-1.88
INDIA	SENSEX	51444.65	2.28
	NIFTY	15245.60	2.19
US	CAC	5830.06	0.35
	DAX	14080.03	0.29
	FTSE	6675.47	0.93
	DOW	31270.09	-0.39
	NASDAQ	12997.75	-2.70

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1711.17	0.70	0.04
SILVER (\$/ounce)	26.11	0.12	0.46
WTI Crude (\$/brl)	61.48	0.20	0.33
Dollar INDEX	91.04	0.09	0.1
Bloomberg ADXY	108.98	-0.01	0.01

FPI INFLOWS	FY 2020-21	CY 2021	3-Mar-21
EQUITY	258,878	40,587	2,649
DEBT	-26,799	-9,746	-1,535
HYBRID	10,435	239	-12
TOTAL	242,514	31,080	1,102

Figures are in INR Crores

Pivot Points

Pivot	S2	S1	P	R1	R2
USDINR	71.83	72.65	73.07	73.89	74.31
EURINR	86.85	87.82	88.50	89.47	90.15
GBPINR	100.12	101.32	102.25	103.45	104.38
JPYINR	67.58	68.25	68.71	69.38	69.84

“ GBPINR pair is likely to take immediate support at 101.32 (S1)

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Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
3-Mar	EUR	2:30 PM	Services PMI	45.7	44.7	45.4	Bullish
	GBP	3:00 PM	Services PMI	49.5	49.7	39.5	Bearish
	USD	6:45 PM	ADP Non Farm employment change	117K	177K	174K	Bearish
	USD	8:15 PM	Services PMI	59.8	58.9	58.3	Bullish
4-Mar	EUR	3:30 PM	Retail sales (YoY) (Jan)		-1.2%	0.6%	
	EUR	3:30 PM	Unemployment Rate (Jan)		8.3%	8.3%	
	USD	7:00 PM	Initial Jobless Claims		750K	730K	

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