



FX Partner You Can Trust

# FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

9 APRIL 2021



## From CEO's Desk

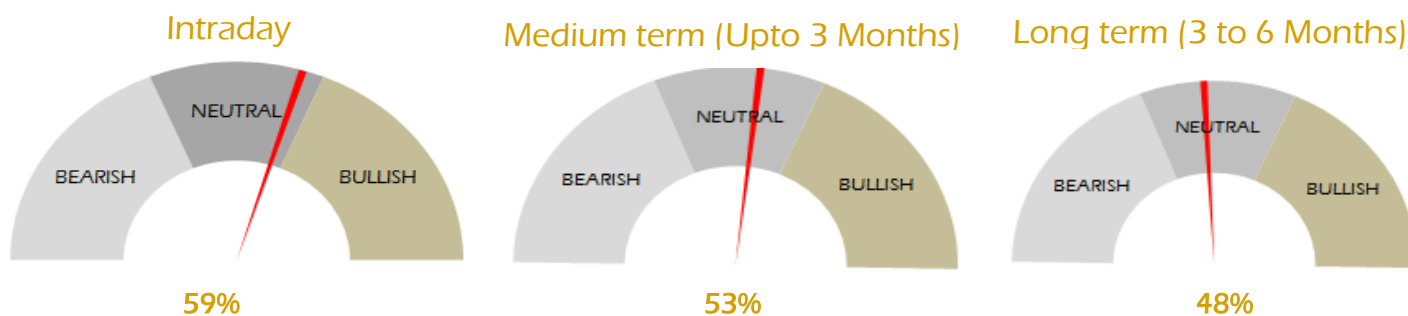


Mr. Abhishek Goenka

US weekly jobless claims came in at 744k, higher than expectations of 680k. Elevated jobless claims have pushed back the market's expectations of the Fed's tapering and lift off. US yields have cooled off across the curve. The Rupee which was quite steady through most parts of the session yesterday got spooked on break past 74.50 as stops got triggered. A global outage in Reuters interbank dealing system led to an exaggerated move as banks scammed to take stops in exchange-traded futures. The forwards have come off significantly with 1y forward yield now at 4.60%. The fall in carry has reduced the cost of going short Rupee against the Dollar and has triggered an unwinding of carry positions in offshore and has also triggered stop losses onshore. The RBI announced the details of securities it would purchase through G-SAP. Domestic bonds continued the post-policy rally with the the yield on 10y benchmark ending at 6.03%. The RBI also announced the 14 day variable reverse rate repo for Rs 200000crs which it had not rolled over the last time to help markets tide over year-end liquidity stress. Details of long tenor VRRRs are awaited. Focus today will be on the Rs 32000cr Gsec auction.

**Strategy:** Exporters are advised to cover a part of their near-term exposure on upticks towards 74.80. Importers are advised to cover through forwards on dips towards 73.50. The 3M range for USDINR is 72.50 – 75.00 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

“ U.S. weekly jobless claims rise again, but labor market recovery gaining steam

- Japan February core machinery orders seen rebounding: Reuters poll
- Euro zone producer price growth accelerates in February
- Oil edges higher as Saudis say OPEC+ can be nimble on supplies
- China's March producer prices jump most in more than two years
- Powell vows to restore 'Great' economy, plays down inflation

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FX Outlook for the day

● USDINR (RANGE - 74.40 - 74.90 )



The USDINR pair opened gap up at 74.77. Post policy outcome, the rupee continued its depreciating trend and moved to its six month low against the dollar. The US 10-yr treasury yields fell to 1.61% levels, pressured by fresh dovish comments from Fed Chair Powell and weaker than expected initial jobless claims that highlighted the economy's recovery from the pandemic.



● EURUSD (RANGE- 1.1850 - 1.1970)



The EURUSD pair traded close to its high for the yesterday's trading session and closed at 1.1912. The euro has been a beneficiary of broad USD weakness and sits somewhere near the middle of the G10 performance table for the day. The German factory orders rose in february despite ongoing covid restrictions orders were pushed up by 1.2% for the month, in line with the expectations.



● GBPUSD (RANGE- 1.3650 - 1.3800)



The GBPUSD pair faded an early European bullish spike to the 1.3751 region and quickly retreated to close at 1.3733 levels. On the economic data front, the UK Construction PMI jumped to 61.7 in March from the 53.3 previous and surpassed even the most optimistic estimates. The data, however, did little to impress bullish traders or provide any meaningful lift to the pair amid concerns over the disruption to the UK's vaccine rollout.



● USDJPY (RANGE- 108.75 - 109.75)



The USDJPY pair extended its decline to close at 109.24, as the greenback was among the weakest currencies across the FX board. Japan published its February Current Account overnight, which posted a surplus of ¥2916.9 billion, largely surpassing the ¥1996 billion expected. The Trade Balance for the same month improved to ¥524.2 billion from ¥-130.1 billion in the previous month.



IFA Outlook

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Focus to be on US PPI data

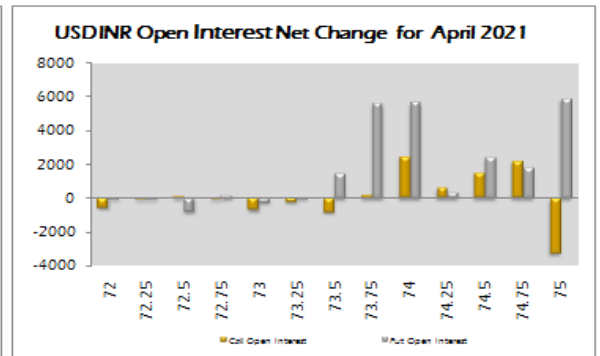
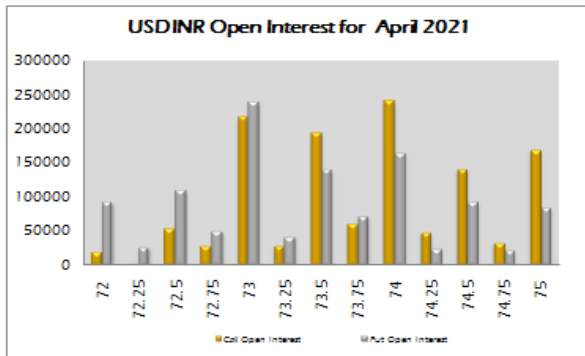
	Q4 FY 2020-21		Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22	
USDINR	72.50-74.90	↔	73.00-76.00	↔	73.00 - 77.00	↑	73.00-76.00	↔
\$ INDEX	89.00 - 93.00	↓	91.20- 95.50	↔	95.00- 100.00	↓	95.00- 100.00	↓
EURUSD	1.1850-1.2350	↑	1.1700-1.2200	↑	1.1600-1.2150	↑	1.1450-1.2000	↑
GBPUSD	1.3550-1.4150	↑	1.3700-1.4300	↑	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 (April expiry)

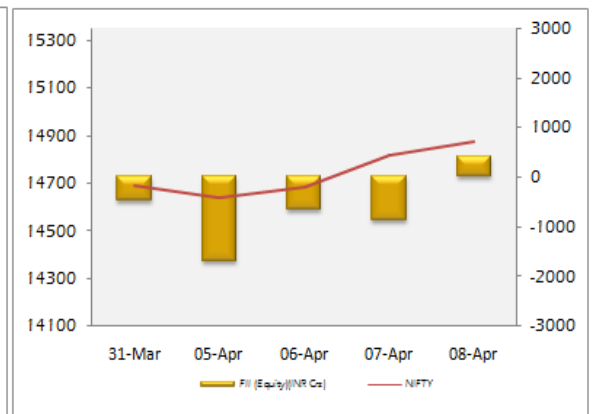
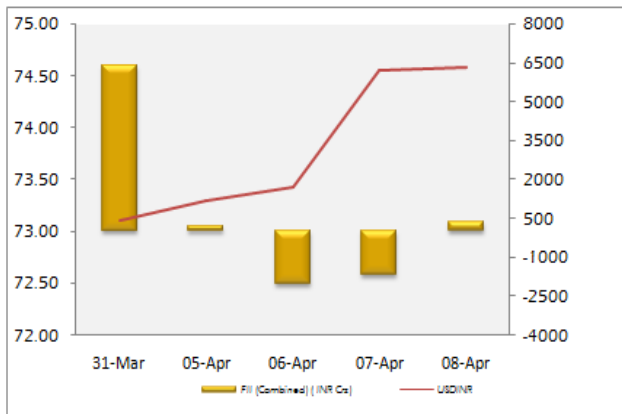
“ Highest OI for Call is at 74.00 & Put is at 73.00. Intraday Call unwinding is at 75.00 and Put buildup is seen at 75.00.



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• FII activity against USDINR and Nifty

“ FIIs have so far infused \$7.04 Billion in the Calendar year 2021



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Chart of the Day

“ The USDINR pair made a gap up opening at 74.77 today. Immediate resistance to be at the psychological level of 75.00. On the flipside, 74.45 the upper bollinger band acting as the immediate support. Major technical indicators suggest neutral to bullish bias for the day.

USDINR: 74.77



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## Major Global Rates

## LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.07	0.11	0.21	0.29
EUR	-0.59	-0.58	-0.53	-0.50
JPY	0.04	-0.08	-0.04	0.05

## Rolling Forward Premiums (in paise)

MONTH	1M	3M	1Y	2Y
USDINR	0.24	0.81	3.45	7.30
EURINR	0.34	1.13	4.90	10.52
GBPINR	0.34	1.12	4.88	10.21
JPYINR	0.24	0.80	3.50	7.56

## Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	28798.07	-0.72
	SHANGHAI	3456.74	-0.74
	NIKKEI	29824.71	0.39
INDIA	SENSEX	49678.44	-0.14
	NIFTY	14845.40	-0.19
US	CAC	6130.66	0.00
	DAX	15202.68	0.17
	FTSE	6942.22	0.83
	DOW	33503.57	0.17
	NASDAQ	13829.31	1.03

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1752.05	-2.19	-0.12
SILVER (\$/ounce)	25.35	-0.05	-0.21
WTI Crude (\$/brl)	59.69	0.09	0.15
Dollar INDEX	92.13	0.07	0.08
Bloomberg ADXY	107.72	-0.06	-0.06

FPI INFLOWS	FY 2021-22	CY 2021	8-Apr-21
EQUITY	-2,824	52,918	403
DEBT	-306	-432	-50
HYBRID	-6	46	-2
TOTAL	-3,136	52,532	351

Figures are in INR Crores

## Pivot Points

EURINR pair is likely to face immediate resistance at 89.68 (R1)

Pivot	S2	S1	P	R1	R2
USDINR	72.63	73.61	74.19	75.17	75.75
EURINR	84.84	86.74	87.78	89.68	90.72
GBPINR	100.13	101.39	102.26	103.52	104.39
JPYINR	65.20	66.79	67.60	69.19	70.00

## Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
8-Apr	EUR	11:30 AM	German Factory Orders (MoM) (Feb)	<b>1.20%</b>	1.20%	1.40%	<b>Neutral</b>
	EUR	2:30 PM	PPI (YoY) (Feb)	<b>1.50%</b>	1.40%	0.40%	<b>Bullish</b>
	USD	6:00 PM	Initial Jobless Claims	<b>744k</b>	680K	719K	<b>Bearish</b>
9-Apr	CNY	7:00 AM	CPI (YoY) (Mar)	<b>0.40%</b>	0.30%	-0.20%	<b>Bearish</b>
	INR	5:00 PM	FX Reserves, USD			579.29B	
	USD	6:00 PM	PPI (YoY) (Mar)		3.80%	2.80%	

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