



# FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

25 March 2021



## From CEO's Desk

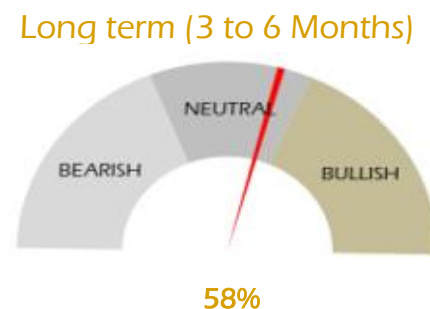
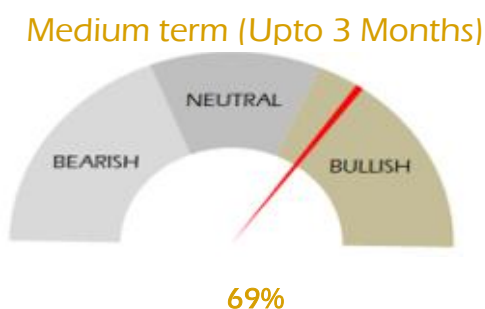
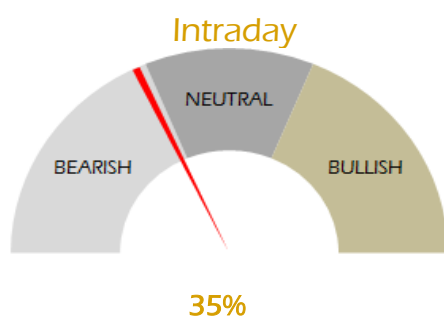


Mr. Abhishek Goenka

US Feb Durable goods data came in below expectations as production took a hit on account of weather and shortage of components. The overall sentiment seems to be that of caution. The reflation rally is taking a bit of a breather. There has been little change in US yields and breakevens overnight. The Dollar strengthened yesterday but is steady overnight. The Nasdaq ended 2% lower. Asian equities are trading with modest gains. Asian currencies are trading weak against the US Dollar. There has been a massive rally in corporate bonds and SDLs and to some extent in Gsecs as well over the last 2-3 sessions. 10y SDL cutoffs were lower by 20bps compared to last time. Yields on 10y AAA PSU bonds is down nearly 35bps compared to last week. Cancellation of Gsec auction, correction in US yields and crude prices, aggressive purchases by EPFO are all factors that have contributed to the rally. The Nifty shed 1.79% yesterday but is likely to recoup some of the losses today. 1y forwards cooled off 6p yesterday in the later part of session. LD-Fd continues to remain elevated at 19p.

**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 72.30. 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

- “
- U.S. factory activity picks up in March; cost pressures building
  - UK companies see orders boom on hopes of lockdown ending
  - Oil pulls back after surge with ship still blocking Suez Canal
  - Fed to set monetary policy on actual economic outcomes, Evans says
  - U.S. Treasury issues 37 million aid payments worth \$83 billion this week
  - Eurozone business activity rebound in March, but renewed lockdowns to hurt
- ”



## FX Outlook for the day

## ● USDINR (RANGE - 72.45-72.75 )



The USDINR pair opened gap up at 72.69 levels. The rupee traced lower domestic equity markets. A spike in cases in India, has also led to the emergence of a double mutant variant which has added to concerns that the government is struggling to keep a handle on the outbreak. US durable goods orders decrease for the first time since April.



## ● EURUSD (RANGE- 1.1750-1.1850)



EURUSD pair continued to weaken yesterday, and it dropped toward 1.18, levels last seen in late November. Pair closed at 1.1812 levels. Eurozone is struggling with rising COVID-19 cases and a sluggish vaccine rollout and markets have been growing nervous, but some upbeat economic news emerged yesterday as eurozone PMI showed business activity growth in March.



## ● GBPUSD (RANGE- 1.3640-1.3750)



The British Pound fell further yesterday, extending previous day's 0.8% drop and hit the lowest (1.3674) since Feb 5. The pair finally closed at 1.3689 levels. UK inflation last month was weaker than forecast's, with the headline YoY rate falling to 0.4% from the previous 0.7%. This suggests that the Bank of England will continue to keep UK interest rates low for the foreseeable future.



## ● USDJPY (RANGE- 108.50-109.25)



The US dollar initially fell against the Japanese yen only to turn around and recover later in the day. The pair finally closed at 108.79 levels. Japanese data was mostly encouraging, as the country published the February Corporate Service Price Index, which improved in February to -0.1% from -0.4% and against the -0.8% expected.



## IFA Outlook

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Focus to be on US  
GDP and Initial  
Jobless claims

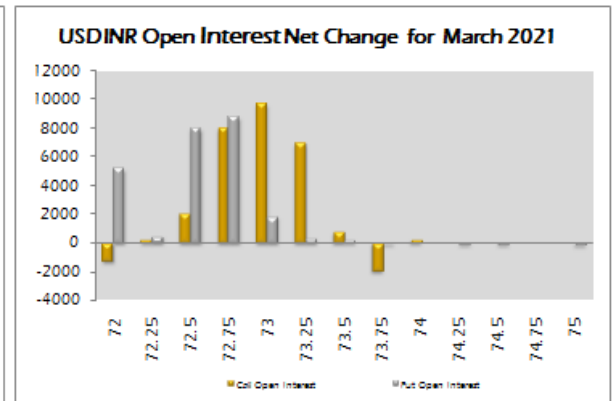
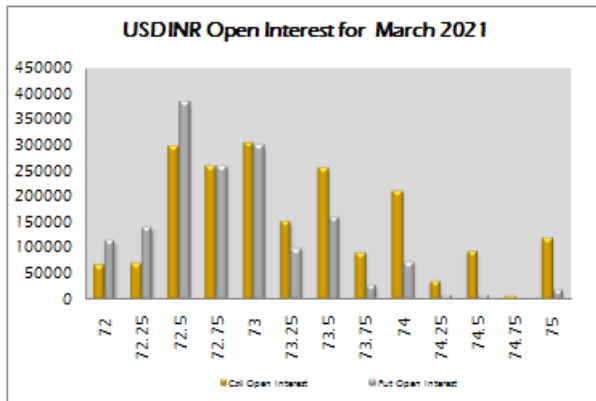
	Q4 FY 2020-21		Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22	
USDINR	72.50-74.90	↔	73.00-76.00	↔	73.00 - 77.00	↑	73.00-76.00	↔
\$ INDEX	89.00 - 93.00	↓	91.20- 95.50	↔	95.00- 100.00	↓	95.00- 100.00	↓
EURUSD	1.1850-1.2350	↑	1.1700-1.2200	↑	1.1600-1.2150	↑	1.1450-1.2000	↑
GBPUSD	1.3550-1.4150	↑	1.3700-1.4300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

”

## Activity Kurtosis

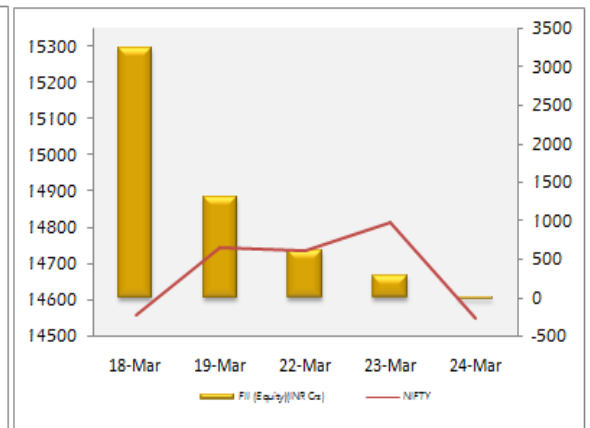
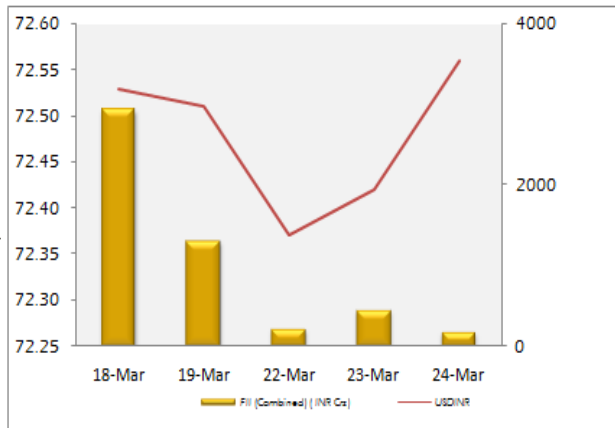
## • USDINR Open Interest (March expiry)

“ Highest OI for Call is seen at 73.00 and for Put is seen at 72.50. Call build up is seen at 73.00 and Put buildup is seen at 72.75



## • FII activity against USDINR and Nifty

“ FIIs have so far infused \$35.74 billion in the Financial year 2020-21



## Chart of the Day

USDINR: 72.69

“ USDINR made a gap up opening at 72.69 today. Immediate support to be at lower bollinger band of 72.08. On the flipside, 72.78 would act as immediate resistance. Major technical indicators suggest neutral to positive bias for the day.



Major Global Rates

LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.08	0.11	0.21	0.28
EUR	-0.58	-0.58	-0.52	-0.49
JPY	0.04	-0.08	-0.05	0.05

Rolling Forward Premiums (in paise)

MONTH	1M	3M	1Y	2Y
USDINR	0.44	1.09	3.89	7.77
EURINR	0.58	1.46	5.35	10.93
GBPINR	0.61	1.52	5.45	10.83
JPYINR	0.43	1.06	3.91	8.01

Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	27928.26	0.04
	SHANGHAI	3366.64	-0.01
	NIKKEI	28662.36	0.90
INDIA	SENSEX	48761.45	-0.85
	NIFTY	14449.00	-0.69
	CAC	5947.29	0.03
US	DAX	14610.39	-0.35
	FTSE	6712.89	0.20
	DOW	32420.06	-0.01
	NASDAQ	12961.89	-2.01

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1734.18	-0.17	-0.01
SILVER (\$/ounce)	25.07	0.01	0.04
WTI Crude (\$/brl)	60.16	-1.02	-1.67
Dollar INDEX	92.55	0.02	0.02
Bloomberg ADXY	107.93	-0.09	-0.08

FPI INFLOWS	FY 2020-21	CY 2021	25-Mar-21
EQUITY	278,605	60,315	-29
DEBT	-29,567	-12,514	207
HYBRID	10,279	84	2
TOTAL	259,317	47,885	179

Figures are in INR Crores

Pivot Points

“  
EURINR pair is likely to take immediate resistance at 85.50 (S2)  
”

Pivot	S2	S1	P	R1	R2
USDINR	72.23	72.50	72.90	73.17	73.57
EURINR	85.50	85.92	86.50	86.92	87.50
GBPINR	99.45	100.03	100.79	101.37	102.13
JPYINR	66.03	66.31	66.56	66.84	67.09

Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
24-Mar	GBP	12:30 PM	CPI (YoY) (Feb)	0.4%	0.80%	0.7%	Bearish
	EUR	2:30 PM	Services PMI (Mar)	48.80	46.0	45.7	Bullish
	GBP	3:00 PM	Services PMI (Mar)	56.80	51.0	49.50	Bullish
	USD	7:15 PM	Services PMI (Mar)	60.00	60	59.8	Neutral
25-Mar	USD	6:00 PM	Initial Jobless Claims		730K	770K	
	USD	6:00 PM	GDP (QoQ) (Q4)		4.10%	33.40%	

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