



FX Partner You Can Trust

FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

8 APRIL 2021



From CEO's Desk

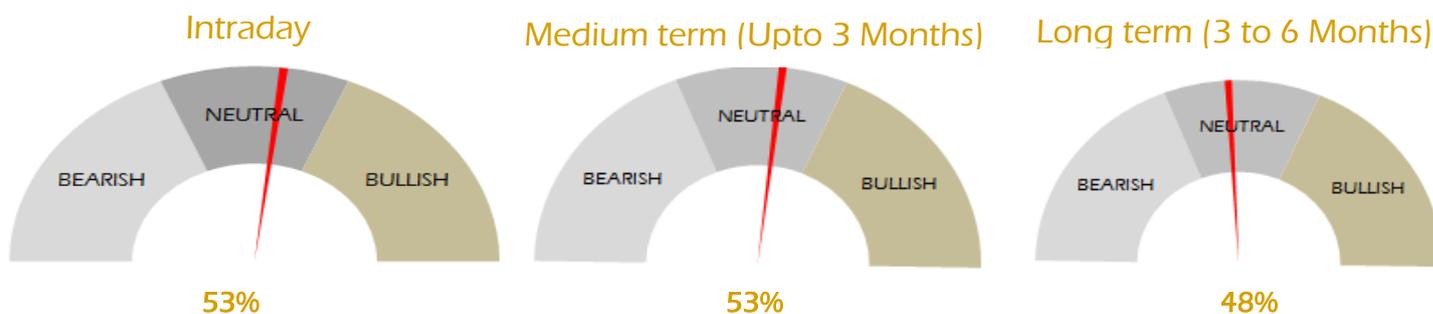


Mr. Abhishek Goenka

The FOMC minutes confirmed Fed's commitment to keeping policy accommodative until it sees sustainable, significant progress towards its inflation and employment objectives. The dovish FOMC minutes helped US equities hold on to record highs. The RBI in its monetary policy unanimously left key rates unchanged but introduced a GSec Secondary market acquisition program (G-SAP) under which it would buy Rs 100000crs of Government bonds. These purchases would be beyond the OMOs that it would conduct. The RBI also extended the amount and tenor of its VRRR (i.e. Variable Reverse Repo Rate) facility through which it would give suck out some of the excess liquidity from the banking system. While VRRR could cause the money market rates to move higher, G-SAP would cap long-term yields. The overall impact could be that we could have a flatter term structure. While the bonds and equities rejoiced RBI's move of capping long-term yields, the Rupee had to bear the brunt as the move would reduce the carry. FPIs who had been receiving, carry in offshore unwound their positions causing the Rupee to weaken. Stop losses also got triggered along the way causing the spike to become even more vicious.

Strategy: Exporters are advised to cover a part of their near-term exposure on upticks towards 74.50. Importers are advised to cover through forwards on dips towards 73.50. 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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Yellen says tax plan recoups \$2 trillion in overseas profits

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- Oil falls after U.S. gasoline inventories unexpectedly surge
- Fed's balance sheet size is far from hitting any constraints: Daly
- Euro zone business activity expanded in March despite lockdowns
- UK companies rebound in March ahead of lockdown lifting - PMI
- German private sector growth hits highest in more than 3 years - PMI

FX Outlook for the day

● USDINR (RANGE - 74.30 - 74.70)



The USDINR pair opened gap down at 74.38. The rupee tumbled to the lowest level in more than four months despite a decent recovery in equities. The RBI in its MPC meet said it will buy Rs 1 tn of bonds in the secondary market this quarter, in addition to its existing liquidity operations. The pair is expected to trade with a sideways bias on the back of US Initial jobless claim data expected to release later in the day.



● EURUSD (RANGE- 1.1820 - 1.1980)



EURUSD pair traded with a positive bias through the Asian session and was last seen hovering near the top end of its intraday range, around the 1.1875 region. Modest pickup in the US Treasury bond yields could further underpin the greenback and keep a lid on any strong gains for the pair. The release of German Factory Orders and the ECB minutes will be looked upon for some impetus.



● GBPUSD (RANGE- 1.3680 - 1.3890)



The GBPUSD pair was seen nursing losses below 1.3750, as the sellers took breather before resuming the downtrend, helped by a broad US dollar comeback and the Treasury yields. The UK composite PMI that measures Britain's huge services sector and its manufacturers has jumped to 56.4 from 49.6 in February, going into positive territory. The pair is expected to trade with a neutral bias on the back of construction PMI release later in the day .



● USDJPY (RANGE- 108.70 - 110.50)



The US dollar fell during Asian trading against the Japanese yen, but as the Europeans came back on board, the market started to recover again. The pair closed at 109.84 levels. Japan published the preliminary estimate of the February Leading Economic Index, which improved from 98.5 to 99.7 but missed the market's expectations of 100.7. The Coincident Index for the same period contracted from 90.3 to 89.



IFA Outlook

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Focus to be on US Initial Jobless Claims

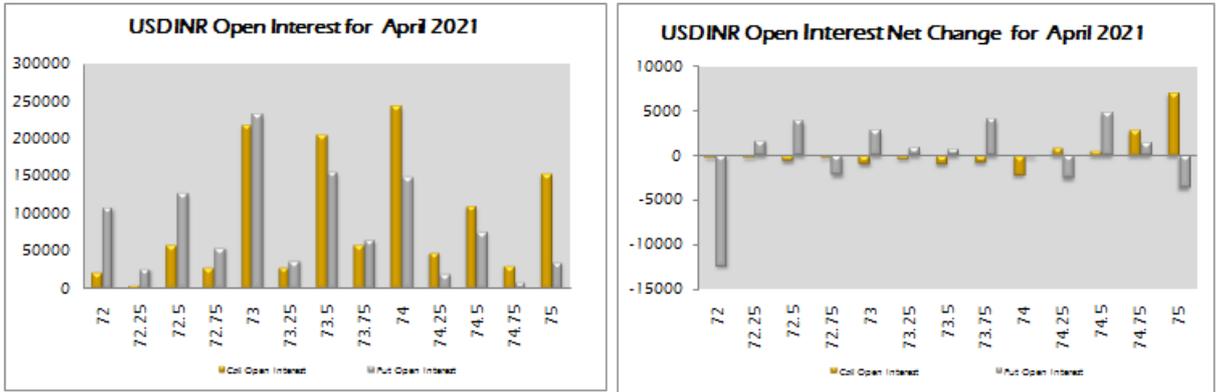
	Q4 FY 2020-21		Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22	
USDINR	72.50-74.90	↔	73.00-76.00	↔	73.00 - 77.00	↑	73.00-76.00	↔
\$ INDEX	89.00 - 93.00	↓	91.20- 95.50	↔	95.00- 100.00	↓	95.00- 100.00	↓
EURUSD	1.1850-1.2350	↑	1.1700-1.2200	↑	1.1600-1.2150	↑	1.1450-1.2000	↑
GBPUSD	1.3550-1.4150	↑	1.3700-1.4300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

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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 buildup is at 75.00 and Put unwinding is seen at 72.00. ”



• FII activity against USDINR and Nifty

“ FIIs have so far infused \$7.00 Billion in the Calendar year 2021 ”

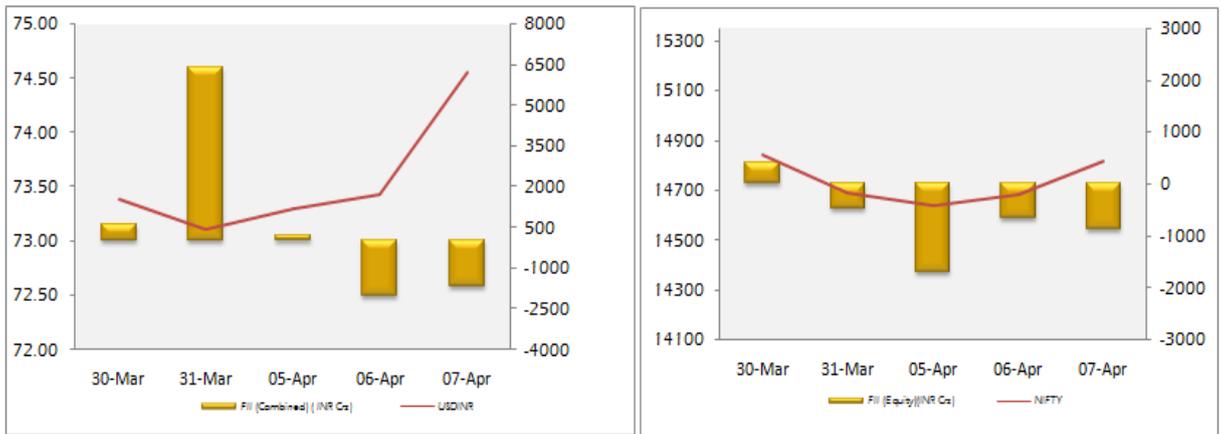


Chart of the Day

“ The USDINR pair made a gap down opening at 74.38 today. Immediate resistance to be at the psychological level of 75.00. On the flipside, 74.10 the upper bollinger band acting as the immediate support. Major technical indicators suggest neutral to bullish bias for the day. ”

USDINR: 74.38



Major Global Rates

LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.08	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	0.26	0.83	3.52	7.28
EURINR	0.36	1.15	4.97	10.48
GBPINR	0.37	1.16	4.98	10.23
JPYINR	0.26	0.81	3.56	7.54

Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	28920.43	0.86
	SHANGHAI	3486.19	0.19
	NIKKEI	29613.87	-0.39
INDIA	SENSEX	50037.97	0.76
	NIFTY	14931.00	0.76
	CAC	6130.66	-0.01
	DAX	15176.36	-0.24
	FTSE	6885.32	0.91
US	DOW	33446.26	0.05
	NASDAQ	13688.84	-0.07

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1738.85	2.11	0.12
SILVER (\$/ounce)	25.09	-0.05	-0.2
WTI Crude (\$/brl)	59.61	-0.16	-0.27
Dollar INDEX	92.39	-0.07	-0.07
Bloomberg ADXY	107.79	0.04	0.04

FPI INFLOWS	FY 2021-22	CY 2021	7-Apr-21
EQUITY	-3,227	52,515	-873
DEBT	-256	-382	-782
HYBRID	-4	48	-3
TOTAL	-3,487	52,181	-1,658

Figures are in INR Crores

Pivot Points

“ GBPINR pair is likely to face immediate resistance at 102.21 (R2)

Pivot	S2	S1	P	R1	R2
USDINR	72.34	72.72	73.15	73.53	73.96
EURINR	84.87	85.42	85.83	86.38	86.79
GBPINR	99.15	100.09	100.68	101.62	102.21
JPYINR	65.50	65.77	66.18	66.45	66.86

Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
7-Apr	INR	10:00 AM	Interest Rate Decision	4.00%	4.00%	4.00%	Neutral
	EUR	1:30 PM	Services PMI (Mar)	49.60	48.80	45.70	Bullish
	GBP	2:00 PM	Composite PMI (Mar)	56.40	56.60	49.60	Bearish
8-Apr	EUR	11:30 AM	German Factory Orders (MoM) (Feb)		1.20%	1.40%	
	EUR	2:30 PM	PPI (YoY) (Feb)		1.40%	0.00%	
	USD	6:00 PM	Initial Jobless Claims		680K	719K	

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