



# FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

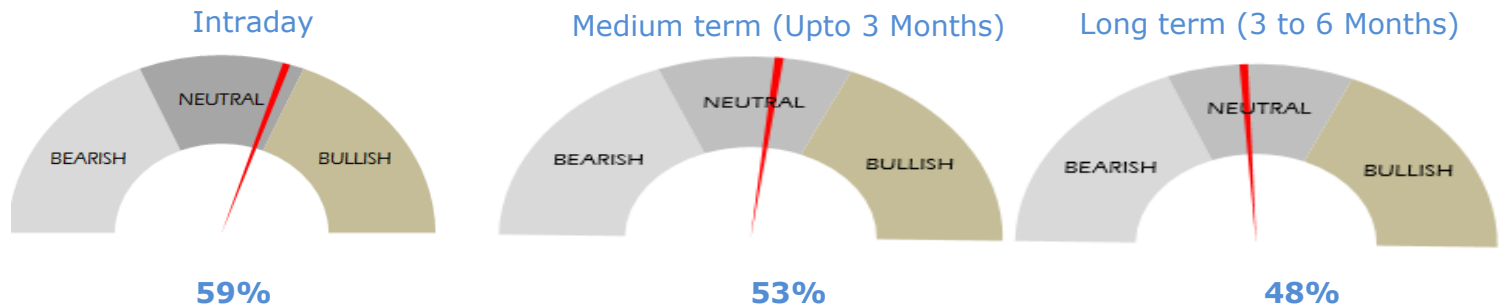
23 September 2021

## From CEO's Desk



Mr. Abhishek Goenka

### IFA GLOBAL USDINR QUANT 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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Powell says Fed taper could start 'soon' and end around mid-2022

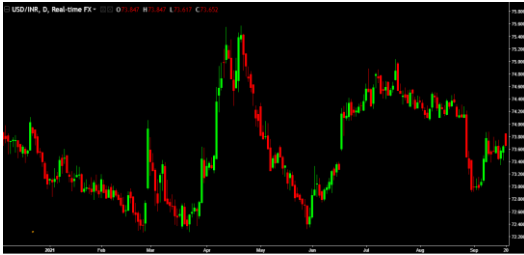
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- China injects \$18.6B into banking system during Evergrande crisis
- Treasury's borrowing committee warns Yellen of debt-limit risks
- OPEC nations warn of oil market turbulence from gas crisis
- Powell says Fed can't protect markets U.S. default
- Philippines to hold key rate as virus curbs ease



### FX Outlook for the day

● USDINR (RANGE :73.75 - 74.10)



Spot Rate:73.82

The USDINR pair rose by 26 paise to close at a nearly four-week high of 73.87 in yesterday`s trading session due to a stronger dollar in overseas markets ahead of the outcome of the US Fed meeting and worries over China's Evergrande situation. The Fed policy was along expected lines. The policy statement said that if the progress of economic recovery continued as expected, moderation in the pace of asset purchases may soon be warranted. The pair opened at 73.78 and is expected to trade with an upside bias.



● EURUSD (RANGE:1.1630 - 1.1770)



Spot Rate:1.1709

The Euro traded flat against the US dollar in the early trading session as investors awaited the FOMC meeting outcome. Post the meeting, the dollar found renewed strength across the board which led the EURUSD pair to close at 1.1687 levels. The ECB first climate stress test shows higher risks of loan defaults for banks in fire-plagued southern Europe. The pair is expected to trade with a neutral bias as traders will rely on the Eurozone Markit and US PMI datasets which are to be released later in the day.



● GBPUSD (RANGE:1.3600 - 1.3730)



Spot Rate:1.3645

The British pound initially tried to rally during yesterday`s trading session but gave back the gains to turn around and go plummeting towards 1.36 yet again. The pair closed at 1.3616. The ongoing acceleration in UK inflation, coupled with tighter fiscal policy, is set to weigh on growth over winter. Investors are expecting the first 15bp move, with a further 25bp rate hike priced for the second half of next year, too. The pair is expected to trade with a neutral bias on account of UK BoE monetary policy later in the day.



● USDJPY (RANGE:109.40 - 110.10)



Spot Rate:109.81

The US dollar rallied a bit during the course of yesterday`s trading session as the ¥109 level continues to offer significant support. The pair closed at 109.82. Major factors that led to Yen failing to find demand was the hawkish outlook of the Fed and the positive shift witnessed in market sentiment following the PBoC decision to inject short-term cash. Reflecting the improving market mood, US stock index futures were up between 0.3% and 0.55%. The pair is expected to trade with an upside bias.



### IFA Outlook

The focus to be on BoE Interest Rate Decision and PMI datasets

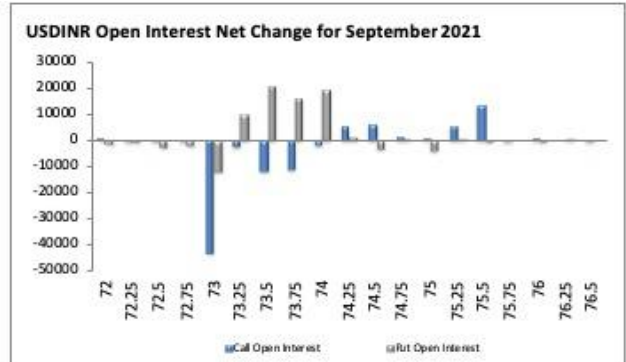
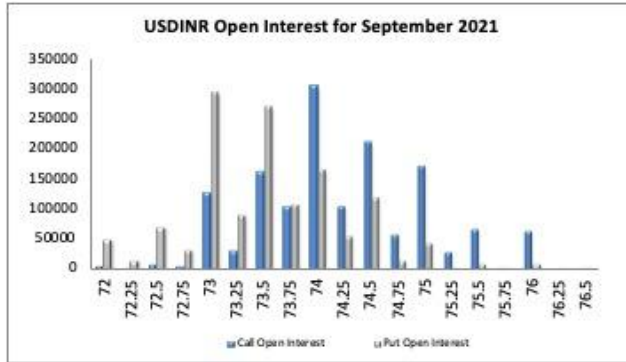
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	Q2 FY 2021-22		Q3 FY 2021-22		Q4 FY 2021-22		Q1 FY 2022-23	
USDINR	72.80 - 75.50	↔	72.50 - 76.50	↔	74.50 - 77.50	↑	74.50 - 77.50	↔
\$ INDEX	90.00 - 94.50	↑	91.00 - 95.50	↑	92.00 - 96.00	↔	94.00 - 98.00	↑
EURUSD	1.1600 - 1.2050	↔	1.1450 - 1.2100	↓	1.1750-1.2300	↑	1.1650 - 1.2200	↓
GBPUSD	1.3650 - 1.4200	↑	1.3800 - 1.4400	↑	1.3800 - 1.4500	↑	1.4000 - 1.4800	↑
USDJPY	106.00 - 111.00	↔	107.00 - 113.00	↑	105.00 - 110.00	↓	107.00-112.00	↔
AUDUSD	0.7400 - 0.8000	↔	0.7500 - 0.8100	↑	0.7400- 0.8000	↔	0.7200 - 0.7800	↓
GOLD	\$1650- \$2100	↑	\$1700- \$2200	↑	\$1700- \$2150	↔	\$1600- \$2000	↓

Activity Kurtosis

• USDINR Open Interest ( September expiry )

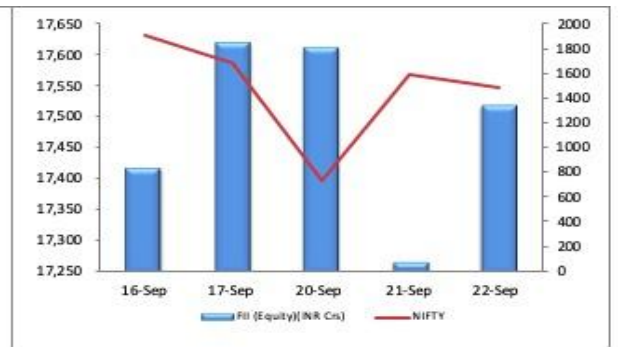
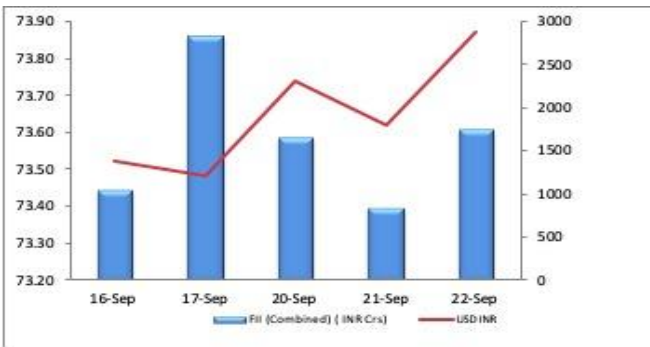
“ Highest OI for Call is at 74.00 and Put is seen at 73.00. Highest OI intraday Call unwinding is seen at 73.00 and Put buildup is seen at 73.50.



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• FII activity against USDINR and Nifty

“ FIIs have so far infused \$12.03 billion in the Calendar year 2021



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Chart of the Day

USDINR: 73.78

“ The USDINR NSE futures opened at 73.91 today. The USDINR spot in OTC market opened at 73.78. Immediate resistance to be around 74.04. On the flipside, the immediate support will be at the 73.44 which is also middle bollinger band. Major technical indicators suggest a bullish bias for the day.



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## Major Global Rates

## LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.07	0.08	0.16	0.23
EUR	-0.59	-0.57	-0.54	-0.50
JPY	0.04	-0.07	-0.05	0.06

## Rolling Forward Premiums (in Rupees)

MONTH	1M	3M	1Y	2Y
USDINR	0.21	0.66	3.26	6.89
EURINR	0.30	0.92	4.52	9.80
GBPINR	0.29	0.90	4.39	9.23
JPYINR	0.21	0.65	3.24	7.17

## Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	24484	1.08
	SHANGHAI	3643	0.40
	NIKKEI	29639	-0.67
INDIA	SENSEX	58927	-0.13
	NIFTY	17547	-0.09
EUROPE	CAC	6637	1.29
	DAX	15507	1.03
	FTSE	7083	1.47
US	DOW	34258	1.00
	NASDAQ	14897	1.02

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1763.64	-3.35	-0.19
SILVER (\$/ounce)	22.58	-0.11	-0.48
WTI Crude (\$/brl)	72.37	0.14	0.19
Dollar INDEX	93.44	-0.02	-0.02
Bloomberg ADXY	107.33	-0.08	-0.07

FPI INFLOWS	FY2021-22	CY 2021	22-Sep-21
EQUITY	9,872	65,615	1,333
DEBT	21,011	20,884	413
HYBRID	2,322	2,374	-38
TOTAL	33,205	88,873	1,708

Figures are in INR Crores

## Pivot Points

GBPINR pair is likely to take immediate support at 100.42 (S1)

Pivot	S2	S1	P	R1	R2
USDINR	73.13	73.30	73.52	73.69	73.91
EURINR	85.39	85.78	86.53	86.92	87.67
GBPINR	99.89	100.42	101.47	102.00	103.05
JPYINR	66.34	66.58	66.99	67.23	67.64

## Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
22-Sep	USD	7:30 PM	Existing Home Sales (Aug)	<b>5.88M</b>	5.89M	5.99M	<b>Bearish</b>
	USD	10:30 PM	Fed Interest Rate Decision	<b>0.25%</b>	0.25%	0.25%	<b>Neutral</b>
23-Sep	EUR	3:30 PM	German Manufacturing PMI (Sep)		61.5	62.6	
	EUR	4:00 PM	Services PMI (Sep)		58.5	59.6	
	GBP	4:30 PM	Services PMI			55.0	
	USD	8:30 PM	Initial Jobless Claims		320K	332K	
	USD	9:45 PM	Services PMI (Sep)		55.0	55.1	

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