



IFATM
GLOBAL

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FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

19 November 2020

From CEO's Desk



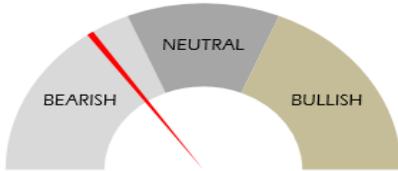
Mr. Abhishek Goenka

Global risk sentiment continues to remain buoyant. Apparently, Pfizer has concluded vaccine trials, finding the vaccine to be 95% effective in preventing Coronavirus infection. The US Dollar Index has weakened, approaching a two year low. On the other hand, commodities and commodity currencies have strengthened. Crude prices have risen 2% despite the EIA data indicating a bigger than expected rise in inventories. In the absence of a second stimulus package, the markets are perhaps expecting the US Fed to deliver more accommodation by extending the timeline of its asset purchases or extending the maturities of bonds it buys. On the domestic front, the equities continue to exhibit strength. FPIs have poured in around \$ 5 billion into Indian equities so far in November and at this pace we seem close to surpassing the record inflow seen in the month of August. Despite the news of RBI imposing a moratorium on LVB, the Nifty staged an intraday recovery to end in the green. Yesterday, USDINR was sold off on broad USD weakness and selling pertaining to Google acquiring a stake in Jio (\$ 4.5bn corresponding to 7.73%). Also, nationalized banks were missing in action. Technically, 73.90 is an extremely crucial support. We expect the Rupee to trade in a range between 74.10-74.45 levels today.

Strategy: Exporters are advised to build long term exposure in 74.60-75.50 range. Importers are advised to cover through options. The 3M range for USDINR is 73.00 – 75.40 and the 6M range is 73.00 – 76.00.

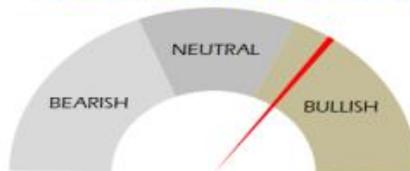
IFA Dollar- Rupee Sentiment Index

Intraday



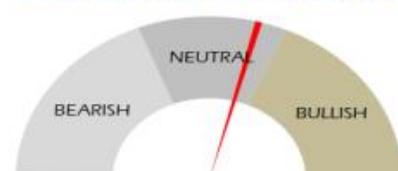
30%

Medium term (Upto 3 Months)



69%

Long term (3 to 6 Months)



58%

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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Chancellor Angela Merkel warned that the situation in Germany remains "very serious."

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- Pfizer-BioNTech vaccine deliveries could start 'before Christmas'.
- Dollar squeezed as virus drives easing expectations.
- Global debt balloons by \$15 trn this yr, may hit all time high of \$227 trn.
- Merger with LVB to strengthen DBS Bank's India biz: Moody's.
- Market regulator asks bourses to increase the size of IPF corpus.

FX Outlook for the day

● USDINR (RANGE - 74.10 - 74.45)



USDINR made a gap up opening at 74.29 levels tracking the mixed trading in Asian currencies on worries over the economic impact of new restrictions across the U.S. to contain the pandemic. Going forward, USDINR is creating a strong base around 74.10-73.90 levels. On the flipside, major resistance lies at 74.55 levels. Any sharp movement on either side could attract RBI intervention.



● EURUSD (RANGE- 1.1800 - 1.1930)



EURUSD weakened owing to rising Covid-19 cases in Europe which is disrupting the economy. To worsen the matter, a coronavirus relief package is being held up by a diplomatic dispute between Hungary and Poland and several other major EU countries. EURUSD is expected to trade on a mixed note prior to the ECB President Speech and EU Summit today.



● GBPUSD (RANGE- 1.3140 - 1.3290)



After the robust release of inflation data along with hopes of a post-Brexit trade deal, Sterling surged initially. However, the gains were later erased as traders grappled with optimism around a potential coronavirus vaccine and economic worries. Going forward, GBPUSD is expected to trade flat as lack of economic datasets from the nation shall keep the trading volumes light.



● USDJPY (RANGE- 103.20 - 104.20)



Japanese Yen appreciated sharply on back of weaker global dollar as investors worried about rising coronavirus deaths and began to wager on more monetary stimulus from the U.S. Federal Reserve. This positive trend in Yen is likely to continue due to lower DXY. Gains could face some hiccups as Pfizer has concluded vaccine trials, finding the vaccine to be 95% effective.



IFA Outlook

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Markets will focus on brexit development and macro data

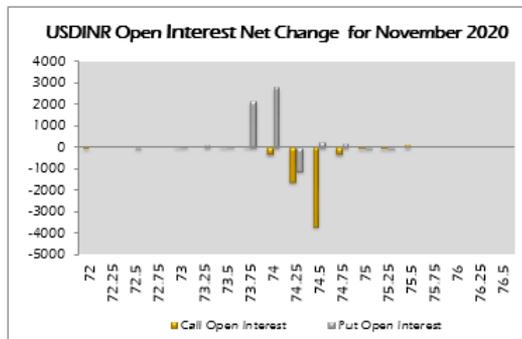
	Q3 FY 2020-21	Q4 FY 2020-21	Q1 FY 2021-22	Q2 FY 2021-22
USDINR	73.00-75.40 ↔	73.00-76.00 ↔	73.00 - 77.00 ↑	73.00-76.00 ↔
\$ INDEX	91.50- 95.00 ↓	73.00-76.00 ↔	95.00- 100.00 ↓	95.00- 100.00 ↓
EURUSD	1.1550-1.1950 ↑	1.1700-1.2200 ↑	1.2000-1.2400 ↑	1.2000-1.2400 ↑
GBPUSD	1.2700-1.3300 ↑	1.2800-1.3400 ↑	1.3300-1.3800 ↑	1.3300-1.3800 ↑
USDJPY	104.00-108.00 ↓	104.00-108.00 ↓	106.00-111.00 ↔	107.00-112.00 ↔
AUDUSD	0.7000-0.74.50 ↑	0.7100- 0.7500 ↑	0.7200- 0.7600 ↔	0.7200- 0.7600 ↔
GOLD	\$1800- \$2000 ↑	\$1800- \$2100 ↑	\$1700- \$2200 ↑	\$1700- \$2200 ↑

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Activity Kurtosis

• USDINR Open Interest (November expiry)

“ Highest OI for Call is at 75.00 and Put is at 74.00. Highest OI intraday winding up for Call is seen at 74.50 and build up for 74.00 Put ”



• FII activity against USDINR and Nifty

“ FII have so far infused \$ 1.59 billion in the calendar year 2020 ”

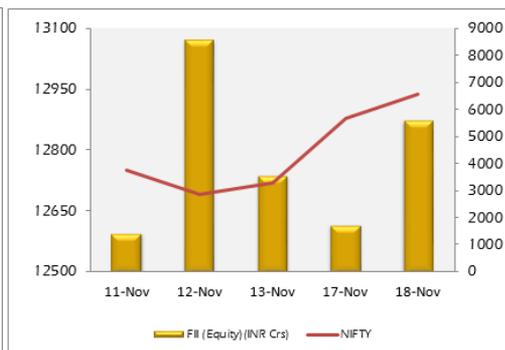
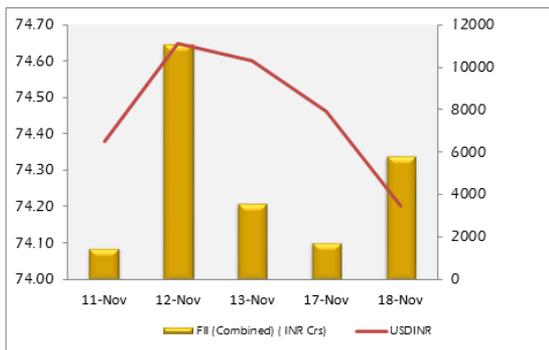


Chart of the Day

USDINR: 74.29

“ USDINR made a gap up opening today at 74.29 levels. Daily middle Bollinger band around 74.16 is likely to provide immediate support. On the flipside, falling trendline resistance near 74.80 is likely to cap the upside. Major technical indicators suggest neutral to bearish view for intraday. ”



Major Global Rates

LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.08	0.15	0.26	0.34
EUR	-0.59	-0.58	-0.52	-0.47
JPY	0.04	-0.09	-0.06	0.05

Rolling Forward Premiums (in paise)

MONTH	1M	3M	1Y	2Y
USDINR	0.19	0.67	3.11	6.73
EURINR	0.28	0.99	4.46	9.69
GBPINR	0.27	0.95	4.33	9.32
JPYINR	0.21	0.74	3.39	7.45

Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	26394	-0.57
	SHANGHAI	3351	0.11
	NIKKEI	25488	-0.93
INDIA	SENSEX	44084	-0.22
	NIFTY	12921	-0.13
	CAC	5511	0.52
US	DAX	13202	0.52
	FTSE	6385	0.31
	DOW	29438	-1.16
	NASDAQ	11802	-0.82

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1867.48	-3.22	-0.17
SILVER (\$/ounce)	24.19	-0.12	-0.50
Brent (\$/bbl)	44.17	-0.17	-0.38
Dollar INDEX	92.49	0.17	0.18
Bloomberg ADXY	108.09	-0.16	-0.15

FPI INFLOWS	FY 2020-21	CY 2020	18-Nov-20
EQUITY	132703	84674	5619
DEBT	-20297	-82892	190
HYBRID	7633	9983	-6
TOTAL	120039	11765	5802

Figures are in INR Crores

Pivot Points

GBPINR is likely to find immediate resistance at R1 (99.07)

Pivot	S2	S1	P	R1	R2
USDINR	73.48	74.04	74.39	74.95	75.30
EURINR	86.95	87.59	88.00	88.64	89.05
GBPINR	96.58	97.48	98.17	99.07	99.76
JPYINR	69.42	70.36	71.12	72.06	72.82

Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
18-Nov	GBP	12:30 PM	CPI y/y	0.7%	0.5%	0.5%	Bullish
	EUR	3:30 PM	Final CPI y/y	-0.30%	-0.3%	-0.3%	Neutral
	USD	7:00 PM	Building Permits	1.55M	1.57M	1.55M	Bearish
19-Nov	USD	7:00 PM	Philly Fed Manufacturing Index		22.0	32.3	
	USD	7:00 PM	Unemployment Claims		707K	709K	
	USD	8:30 PM	Existing Home Sales		6.45M	6.54M	

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