



FX Partner You Can Trust

# FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

20 November 2020

## From CEO's Desk

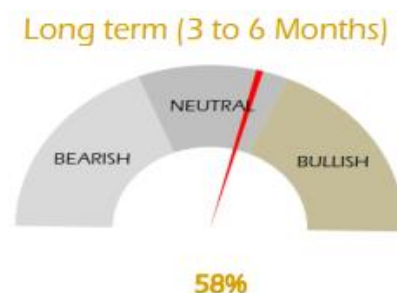
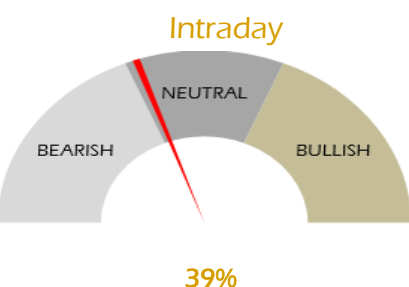


Mr. Abhishek Goenka

The overall mood seems to be that of caution with the virus situation deteriorating across Europe, US and Japan. Investors are concerned about the extent of damage fresh restrictions can inflict upon the economy till the time a sizeable portion of the population is immunized and herd immunity develops. Pfizer is said to soon file for emergency use Authorization of its vaccine. In addition, the effect of the first US stimulus seems to be fading considering the disappointing release of Retail Sales and Unemployment Claims data from the US. Also, treasury secretary Mnuchin's comments recalling unused funds from the Fed has stoked further concerns. Meanwhile, the Senate Democrat minority leader and Republican majority leader have agreed to revive talks on the second stimulus package. Concerns may also emerge around President Trump's legal challenges citing fraud in mail in voting. Though it is unlikely for the challenge to be upheld, investors would be nervous about an orderly transition taking place between the outgoing and incoming administrations. Today EU chief negotiator Barnier is scheduled to brief the EU member nations about the progress of trade negotiations with UK. US yields have fallen across the curve. USDINR is expected to trade in a range between 73.90 to 74.30 range.

**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



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

“ No national shutdown planned for coronavirus outbreak - Joe Biden

- Oil near \$44 with tighter virus measures, OPEC+ cracks appearing.
- US jobless claims increase to 742,00 as pandemic worsens.
- PBOC leaves one-year Loan Prime Rate unchanged at 3.85% in November.
- India to see Rs 10,000 crore investment in LNG stations - Oil Minister
- Investments through participatory notes swell to 14-month high in October.

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## FX Outlook for the day

## ● USDINR (RANGE - 73.90 - 74.30)



USDINR made a gap down opening at 74.14 levels tracking an uptick on most Asian currencies. USDINR is expected to trade in a range bound manner with a slight weaker bias. A break below 74.10 could push the pair towards 73.90 levels which can attract RBI intervention who have been regularly buying dollars to absorb the surge in foreign fund flows.



## ● EURUSD (RANGE- 1.1800 - 1.1930)



EURUSD moved higher towards 1.1887 levels on back of weaker global dollar after the disappointing release of US unemployment claims data and hopes of second stimulus talks to be resumed. EURUSD is expected to trade in a range bound manner the recent surge in the currency could prompt traders to book profits ahead of the ECB Head speech later in the day today.



## ● GBPUSD (RANGE- 1.3140 - 1.3290)



GBPUSD has strengthened towards 1.3280 levels as market optimism grows surrounding the chances of a UK-EU trade deal being made. However, this trend is likely to face some obstruction today after a news broke stating that Brexit negotiations have been suspended at a crucial stage because an EU negotiator has tested positive for the coronavirus.



## ● USDJPY (RANGE- 103.20 - 104.20)



USDJPY appreciated yesterday after a dispute between Treasury Secretary Steven Mnuchin and the Federal Reserve over its emergency lending facilities which pushed the DXY lower. Going forward, USDJPY is likely to appreciate further on rising fears surrounding Coronavirus. In Tokyo, the virus alert was raised to the highest levels as daily infections topped 500 for the first time.



## 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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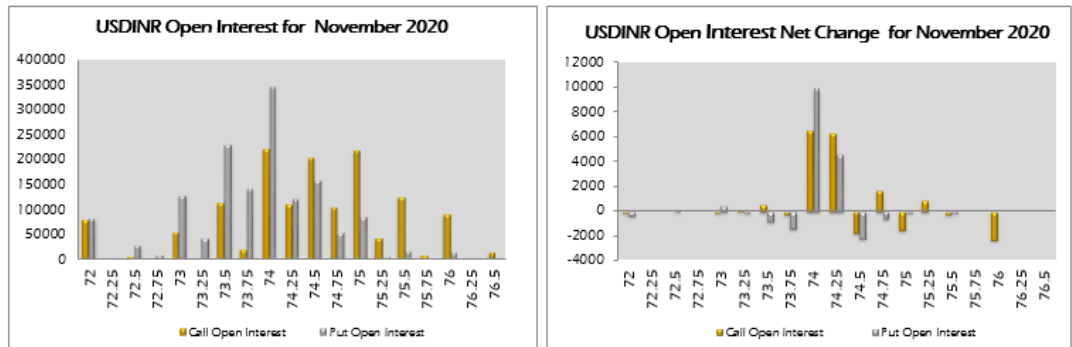
## Activity Kurtosis

## • USDINR Open Interest (November expiry )

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Highest OI for Call is at 75.00 and Put is at 74.00. Highest OI intraday build up for Call and Put is seen at 74.00 and 74.25

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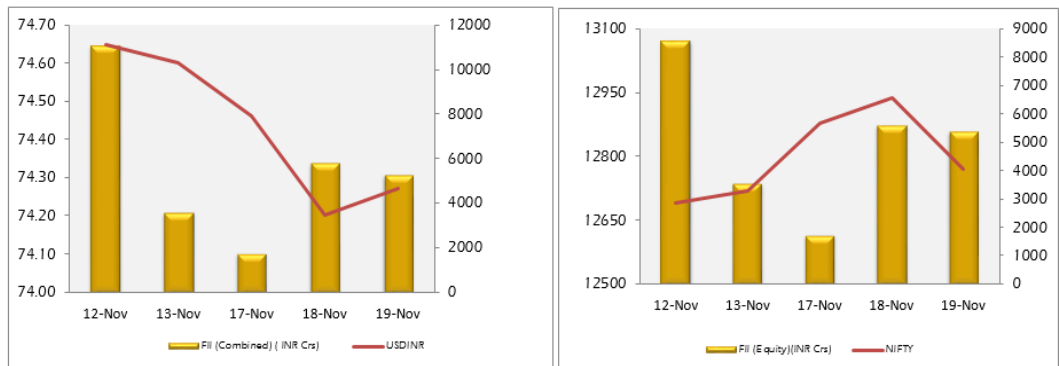


## • FII activity against USDINR and Nifty

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FIIs have so far infused \$2.31 billion in the calendar year 2020

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## Chart of the Day

USDINR: 74.14

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USDINR made a gap down opening today at 74.14 levels. The pair has breached the daily middle Bollinger band which stands at 74.16 levels. Next support is 73.70. 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.

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## 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	0.06

## Rolling Forward Premiums (in paise)

MONTH	1M	3M	1Y	2Y
USDINR	0.19	0.65	3.09	6.89
EURINR	0.28	0.97	4.45	9.90
GBPINR	0.26	0.93	4.31	9.58
JPYINR	0.21	0.73	3.37	7.59

## Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	26449	0.35
	SHANGHAI	3367	0.10
	NIKKEI	25472	-0.63
INDIA	SENSEX	43774	0.40
	NIFTY	12816	0.34
	CAC	5475	-0.67
US	DAX	13086	-0.88
	FTSE	6334	-0.80
	DOW	29483	0.15
	NASDAQ	11905	0.87

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1866.90	3.84	0.21
SILVER (\$/ounce)	24.14	0.18	0.75
Brent (\$/bbl)	44.30	0.10	0.23
Dollar INDEX	92.28	-0.01	-0.01
Bloomberg ADXY	108.09	0.09	0.08

FPI INFLOWS	FY 2020-21	CY 2020	19-Nov-20
EQUITY	138107	90078	5404
DEBT	-20422	-83017	-125
HYBRID	7753	10104	121
TOTAL	125438	17165	5399

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
19-Nov	USD	7:00 PM	Philly Fed Manufacturing Index	<b>26.3</b>	22.0	32.3	<b>Bullish</b>
	USD	7:00 PM	Unemployment Claims	<b>742K</b>	707K	709K	<b>Bearish</b>
	USD	8:30 PM	Existing Home Sales	<b>6.85M</b>	6.45M	6.54M	<b>Bullish</b>
20-Nov	JPY	5:00 AM	National Core CPI y/y	<b>-0.70%</b>	-0.7%	-0.3%	<b>Neutral</b>
	GBP	12:30 PM	Retail Sales m/m		-0.3%	1.5%	
	EUR	8:30 PM	Consumer Confidence		-18	-16	

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