



FX Partner You Can Trust

## FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

23 November 2020

# FOREX

## From CEO's Desk



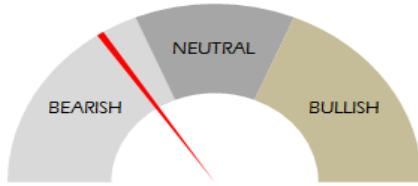
Mr. Abhishek Goenka

Overall sentiment prevailing globally can be best described as one of cautious optimism. With a couple of vaccines having been proven effective in trials, the question now is how much the situation gets worse before it becomes better and how much more damage is inflicted upon the economy until then. This week, focus remains on the FOMC minutes. Markets would look for cues from the FOMC minutes regarding possibilities whether the Fed would extend the timeline of its asset purchases in Dec policy. On the domestic front, FPI Inflows into equities are likely to continue this week. Also, MSCI index rebalancing later this week is likely to result in passive flows to the extent of USD 2.5bn. With these flows November would surpass August to witness highest ever FPI inflows into equities. Month end exporter selling is also likely to cap up side in USD/INR this week. If the broader Dollar does not weaken further, we expect the RBI to mop up inflows this week and therefore a rapid move lower in USD/INR too is unlikely. For the day, we expect the Rupee to trade in a range between 73.95-74.30 range. Importers are advised to cover on dips to 73.80-73.90. Exporters are advised to hedge through risk reversals to retain participation on the up side.

**Strategy:** Exporters are advised to cover around 74.30 level. Importers have been advised to cover through Option strategy. The 3M range for USDINR is 72.50 - 74.50 and the 6M range is 72.50 – 75.40.

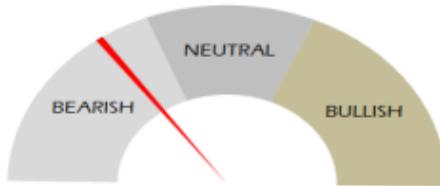
## IFA Dollar- Rupee Sentiment Index

### Intraday



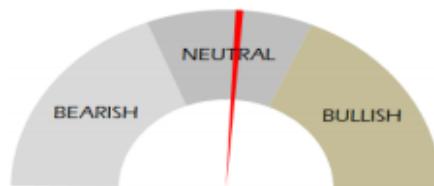
31%

### Medium term (Upto 3 Months)



30%

### Long term (3 to 6 Months)



51%

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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US Fed's balance sheet hits new record high.

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- China is set to eclipse America as world's biggest oil refiner
- WHO special envoy warns of 3rd wave danger in Europe in early 2021
- Germany eyes \$190 billion in debt in 2021 to set off Covid impact
- India's manufacturing poised to witness recovery in Jul-Sep 2020 - Survey
- Finance Commission to double public health expenditure by FY24

## FX Outlook for the day

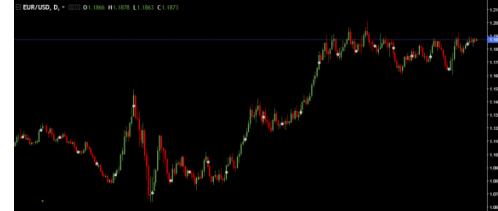
### ● USDINR (RANGE- 73.95 - 74.30)



USDINR made a flat opening at 74.13 levels and is likely to trade in a range bound manner with a slight negative bias on account of MSCI index rebalancing later this week is likely to result in passive flows to the extent of \$ 2.5 billion and exporters month-end selling. This would invite importers cover considering that the RBI won't likely let the rupee appreciate further.



### ● EURUSD (RANGE- 1.1810 - 1.1960)



EURUSD surged in the last trading session on account of weaker DXY after the Hungarian PM stated that dispute over the European Union's recovery fund and budget would eventually be resolved. Today, the currency is expected to trade sideways as markets remain cautious ahead of the important economic data releases from the zone that is expected to come lower than the expected levels later today.



### ● GBPUSD (RANGE- 1.3280 - 1.3390)



Sterling surged tremendously in the last week as against the US Dollar. Robust release of economic datasets from the nation like CPI, PPI, HPI, Retail Sales and Public Sector Net Borrowing has boosted sentiments. Today, GBPUSD is expected to trade slightly higher after UK and Canada struck a rollover trade deal to protect the flow of \$27 billion of goods and services between them.



### ● USDJPY (RANGE- 103.10 - 104.50)



Japanese Yen appreciated in the last trading session as investors appear to be focusing on the record pace in local Covid-19 case growth rather than on positive vaccine news. Cases in Japan surged to record highs causing Tokyo to raise its Covid-19 alert status to its highest level. Today, Japanese markets are closed in observance of Workers Day.



## IFA Outlook

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FOMC Meeting Minutes and Brexit Negotiation are the key events for the week

	Q4 FY 2019-20	Q1 FY 2020-21	Q2 FY 2020-21	Q3 FY 2020-21
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USDINR	72.50-74.50	↔	72.50-75.50	↔	73.00 - 77.00	↑	73.00-76.00	↑
\$ INDEX	91.50- 95.00	↓	91.50- 95.00	↔	92.00- 96.00	↓	92.00- 97.00	↓
EURUSD	1.1500-1.1900	↔	1.1500-1.1900	↔	1.1800-1.2200	↑	1.1800-1.2200	↑
GBPUSD	1.2600-1.3200	↔	1.2800-1.3400	↓	1.2800-1.3500	↔	1.2800-1.3500	↔
USDJPY	104.00-108.00	↔	105.00-111.00	↓	104.00-110.00	↔	102.00-108.00	↔
AUDUSD	0.7000-0.7400	↓	0.7100- 0.7500	↔	0.7200- 0.7600	↔	0.7200- 0.7600	↔
GOLD	\$1800- \$2000	↑	\$1900- \$2100	↑	\$1800- \$2000	↑	\$1750- \$1950	↔

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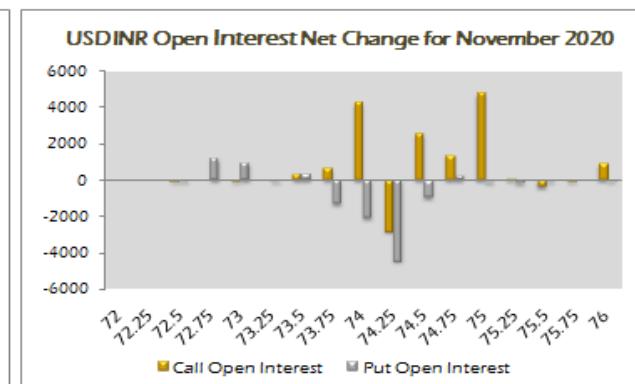
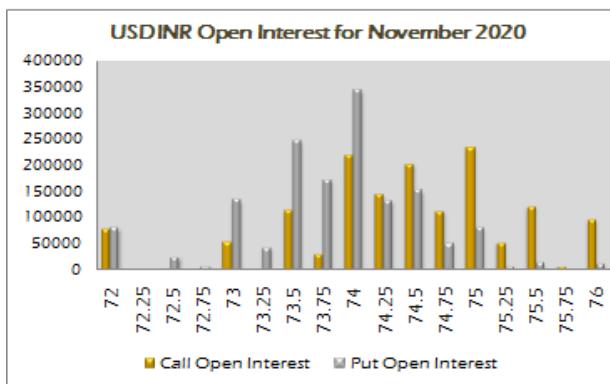
## Activity Kurtosis

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Highest OI for Call and Put stands at 75.00 & 74.00 respectively. Highest OI built up is seen at 75.00 for Call & unwinding for Put is seen at 74.25

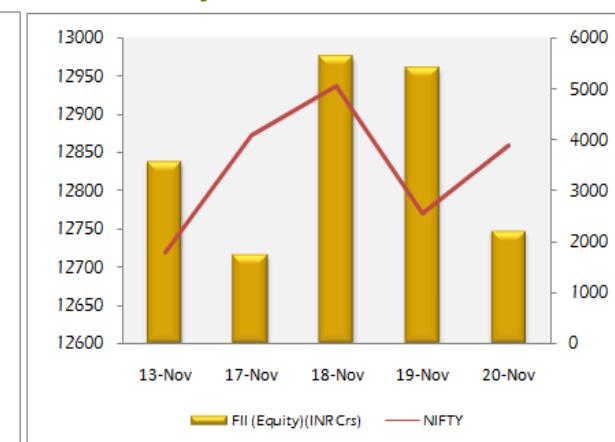
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## ● USDINR Open Interest (November Expiry)



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## ● FII activity against USDINR and Nifty



## Chart of the Day

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USDINR made a flat opening today at 74.13 levels. The pair is trading around the daily middle Bollinger band which stands at 74.15 levels. The immediate support is 73.90 of daily supertrend. 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.



## USDINR Spot 74.13

## Major Global Rates

## LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.08	0.15	0.25	0.34
EUR	-0.59	-0.58	-0.52	-0.47
JPY	0.04	-0.10	-0.06	0.05

## Rolling Forward Premiums

MONTH	1M	3M	1Y	2Y
USDINR	0.19	0.65	3.14	6.59
EURINR	0.29	0.97	4.52	9.54
GBPINR	0.27	0.93	4.40	9.23
JPYINR	0.20	0.72	3.42	7.30

## Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	26410.75	-0.15
	SHANGHAI	3400.96	0.69
	NIKKEI	25527.37	-0.42
INDIA	SENSEX	44164.17	0.64
	NIFTY	12960.30	0.79
EUROPE	CAC	5495.89	0.39
	DAX	13137.25	0.39
	FTSE	6351.45	0.27
US	DOW	29263.48	-0.75
	NASDAQ	11854.97	-0.42

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1873.30	2.84	0.15
SILVER (\$/ounce)	24.25	0.12	0.51
WTI CRUDE (\$/bbl)	42.45	0.03	0.07
Dollar INDEX	92.25	-0.11	-0.11
Bloomberg ADXY	108.24	0.07	0.06
FPI INFLOWS	FY 2020-21	CY 2020	20-Nov-20
EQUITY	140295	92266	2188
DEBT	-21013	-83608	-591
HYBRID	7749	10,099	-5
TOTAL	127031	18,757	1,592

Figures are in INR Crores

## Pivot Points

Pivot	S2	S1	P	R1	R2
USDINR	73.75	73.96	74.29	74.50	74.83
EURINR	87.27	87.59	88.08	88.40	88.89
GBPINR	97.62	98.04	98.44	98.86	99.26
JPYINR	70.66	71.04	71.33	71.71	72.00

## Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
23-Nov	EUR	12:30 PM	German PPI MM	0.1%	0.1%	0.4%	Neutral
	UK	12:30 PM	Retail Sales MM	1.2%	-0.3%	1.4%	Bullish
20-Nov	EUR	2:30 PM	EUR Manufacturing PMI		53.2	54.8	
	GBP	3:00 PM	Flash Manufacturing PMI		50.5	53.7	
	USD	8:15 PM	Flash Manufacturing PMI		52.5	53.4	

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