



FX Partner You Can Trust

# FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

1 December 2020

## From CEO's Desk

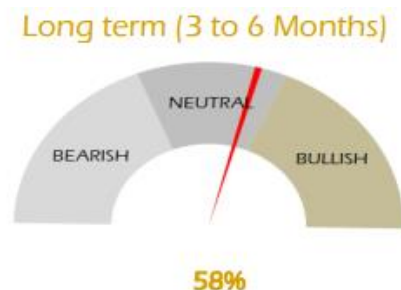
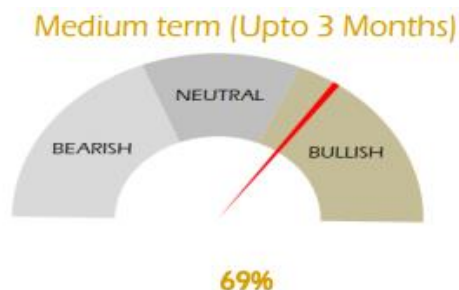
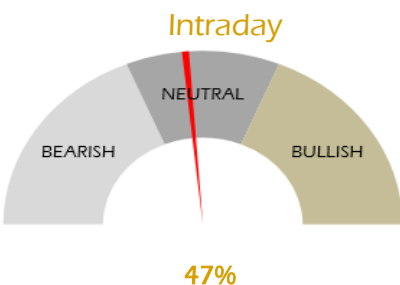


Mr. Abhishek Goenka

The Jul-Sep GDP print at -7.5% beat consensus expectation of -8.2%. Though the economy is technically now in a recession, it would be safe to say the worst is behind us. Nevertheless, there are still down side risks to the economy and it would be premature to withdraw accommodation and therefore the RBI in its forthcoming monetary policy on Friday is likely to continue to sound dovish and prioritize growth, while overlooking elevated inflation prints. US Dollar Index continues to remain under pressure but is struggling to break lower. The Euro made another attempt at breaking 1.20 but got rejected there. 1.34 is proving difficult for the Sterling to break as well. Until a breakout is confirmed, one should continue trading the ranges. FPIs poured in a record \$8bn into Indian equities in November but USDINR did not appreciate to that extent as a significant part of the inflows were mopped up by the RBI. RBI's FX Reserves now stand at \$575bn and have increased by \$100bn this financial year so far. For the day we expect the Rupee to trade between 73.50-74.00 range with an upside bias. We could see a bit of correction in equities due to weak global cues and peak margin reporting kicking in for FPIs from today onwards.

**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

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China's factory activity expands at fastest pace in over 3 years

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- Fed's Kaplan says bracing for difficult months ahead
- Moderna to seek emergency clearance for COVID-19 vaccine from USFDA
- Oil falls as OPEC+ talks delays raise supply concerns
- India's consumer spending to return to growth in 2021: Fitch
- S&P retains India's growth forecast at -19 percent this fiscal

## FX Outlook for the day

## ● USDINR (RANGE - 73.50 - 74.00)



USDINR made a gap down opening at 73.96 and is expected to trade on a mixed note in today's session amid a mild decline in Asian currencies and lesser-than-expected contraction in India's July-September economic output. However, possibility of more inflows into the system could cap sharp losses in the currency. Nevertheless, RBI may step in case of sharp move on either side.



## ● EURUSD (RANGE- 1.1890 - 1.2100)



EURUSD made another attempt at breaking 1.20 but got rejected there. There is a possibility that the currency may once again try to breach those levels as vaccine optimism keeps the anti-risk dollar under pressure. Markets shall remain cautious ahead of the important economic datasets from the zone which shall influence the trend of the Euro.



## ● GBPUSD (RANGE- 1.3290 - 1.3450)



Sterling traded in a volatile manner yesterday as Brexit deadline looms closer putting investors in a panic mode. UK PM Boris Johnson reiterated the British refrain from changing the sides while also pushing companies at home to prepare for the no-deal departure. Markets shall remain cautious ahead of the talks between UK and EU later in this week.



## ● USDJPY (RANGE- 103.80 - 105.20)



Japanese Yen weakened yesterday even though domestic macroeconomic data released on a positive note. Investors are still weighing doubts about a highly-anticipated coronavirus vaccine against hopes that some of the region's economies will recovery quicker than their Western peers. USDJPY is likely to trade with a slight positive bias tracking the negative trend of DXY.



## IFA Outlook

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RBI Policy, Fed Testimony & OPEC+ Meeting will be key events for the week

	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 ↑

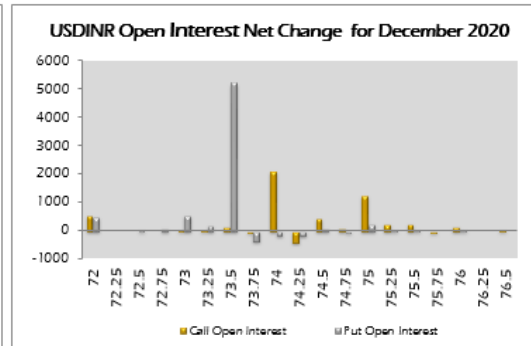
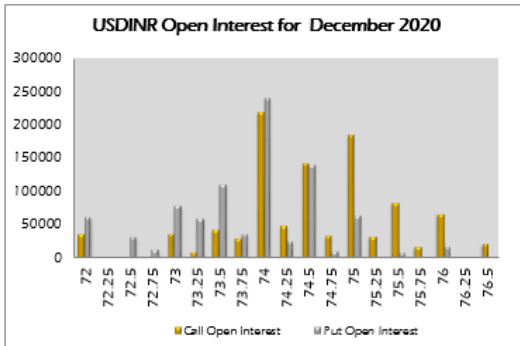
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## Activity Kurtosis

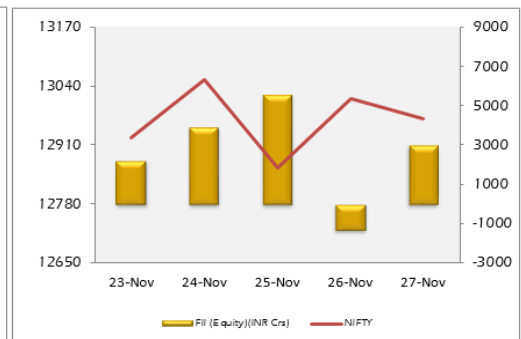
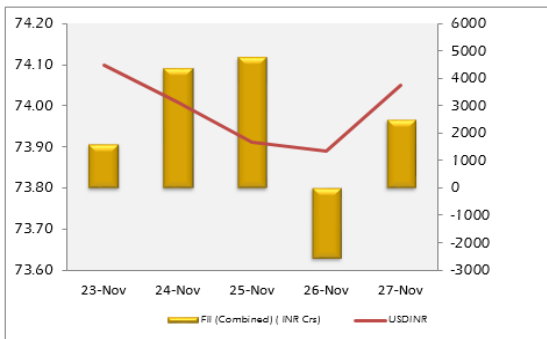
## • USDINR Open Interest (December expiry)

Highest OI for Call and Put is seen at 74.00. Highest OI intraday build up for Call is seen at 74.00 and for Put it is seen at 73.50.



## • FII activity against USDINR and Nifty

FIIs have so far infused \$4.34 billion in the calendar year 2020



## Chart of the Day

USDINR: 73.96

USDINR made an opening today at 73.96 levels. Daily middle bollinger band to act as an immediate resistance at 74.25 levels. Major technical indicators suggest neutral view for intraday.



## Major Global Rates

## LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.09	0.15	0.26	0.33
EUR	-0.59	-0.58	-0.52	-0.48
JPY	0.04	-0.12	-0.06	0.05

## Rolling Forward Premiums (in paise)

MONTH	1M	3M	1Y	2Y
USDINR	0.22	0.64	3.14	6.84
EURINR	0.36	0.98	4.55	9.91
GBPINR	0.35	0.94	4.42	9.56
JPYINR	0.27	0.72	3.41	7.46

## Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	26556	0.82
	SHANGHAI	3425	0.99
	NIKKEI	26824	1.48
INDIA	SENSEX	44150	-0.25
	NIFTY	12969	-0.14
	CAC	5519	-1.42
US	DAX	13291	-0.33
	FTSE	6266	-1.59
	DOW	29639	-0.91
	NASDAQ	12199	-0.06

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1784.90	6.16	0.35
SILVER (\$/ounce)	22.86	0.20	0.89
WTI Crude (\$/bbl)	44.94	-0.40	-0.88
Dollar INDEX	91.83	-0.04	-0.05
Bloomberg ADXY	108.25	0.16	0.15

FPI INFLOWS	FY 2020-21	CY 2020	30-Nov-20
EQUITY	156275	108246	3001
DEBT	-23594	-86190	-499
HYBRID	7706	10057	-21
TOTAL	140387	32113	2481

Figures are in INR Crores

## Pivot Points

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GBPINR pair is likely to take immediate resistance at 99.09 (R1)

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Pivot	S2	S1	P	R1	R2
USDINR	73.54	73.80	74.01	74.26	74.47
EURINR	87.04	87.77	88.18	88.91	89.32
GBPINR	97.69	98.10	98.68	99.09	99.67
JPYINR	70.23	70.69	71.11	71.57	71.99

## Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
30-Nov	EUR	1:30 PM	German Prelim CPI	<b>-0.8%</b>	-0.7%	0.1%	<b>Bearish</b>
	USD	8:30 PM	Pending Home Sales	<b>-1.1%</b>	1.1%	-2.0%	<b>Bearish</b>
1-Dec	CNY	7:15 AM	Caixin Manufacturing PMI	<b>54.90</b>	53.6	53.6	<b>Bullish</b>
	INR	10:30 AM	Markit Manufacturing PMI	<b>56.30</b>	57.0	58.9	<b>Bearish</b>
	EUR	3:30 PM	CPI Flash Estimate y/y		-0.2%	-0.3%	
	USD	8:30 PM	ISM Manufacturing PMI		57.9	59.3	

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