



# FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

4 January 2021

## From CEO's Desk



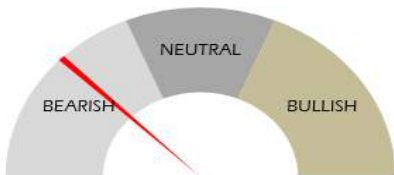
Mr. Abhishek Goenka

In a major positive development, the Drug Controller General of India has cleared the Covishield vaccine (developed by Oxford University and Astra Zeneca and manufactured by Serum Institute of India) and Covaxin (developed by Bharat Biotech) for emergency use authorization in India. The vaccine is likely to be rolled out in the next 7-10 days. Also, the GST collections for December came in at a record Rs 1.15 lakh crs. It is encouraging to see the collections holding up and rising steadily even post the festive season. On the other hand, developments on the global front have not been encouraging with US continuing to record a surge in cases and deaths. The UK PM has hinted that strict restrictions could be imposed. Georgia Senate runoffs will also be closely tracked. The race is too close to call and if Democrats manage to win both, the president, House and Senate would all be Democrat which would be negative for the Dollar. If on the other hand, Republicans win even one runoff, they would retain control of the Senate. We expect the Rupee to trade in a 72.70 - 73.10 range.

**Strategy:** Exporters are advised to cover a part of their exposure on upticks to 73.80-73.90. Importers are advised to cover on dips to 73.40-73.50. The 3M range for USDINR is 73.00 – 75.40 and the 6M range is 73.00 – 76.00.

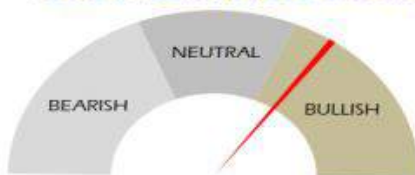
## IFA Dollar- Rupee Sentiment Index

### Intraday



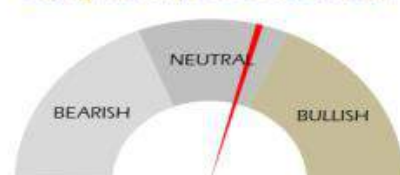
24%

### 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

“

Dollar slips in to 2021 as investors ride downtrend

”

- China's Dec factory activity moderates, higher costs hit firms
- UK reactivates emergency hospitals, closes primary schools in London
- Japan snaps 19-month decline in factory activity in December - PMI
- Unemployment rate at 6-month high in Dec despite revival signs
- Exports slip 0.8% in Dec'20; trade deficit widens to \$15.71 billion

### FX Outlook for the day

● USDINR (RANGE - 72.70 - 73.10)



Rupee opened lower today at 72.93 levels tracking the strength in CNY after the robust release of manufacturing activity data from China which remained in expansionary territory. Rupee could strengthen further as bullish trend in domestic equities could keep sentiments upbeat. However, persistent RBI could restrict gains in the Rupee. The intensity of intervention would depend on DXY.



● EURUSD (RANGE- 1.2190 - 1.2300)



Euro currency plunged towards 1.2213 levels in the last trading session, despite the European markets remaining shut on account of New Years. The fall was due to the slight rebound in DXY as panic struck on rising cases of Coronavirus new variant. Euro is likely to trade in a range bound manner as markets keep a close watch on the upcoming economic datasets from the zone.



● GBPUSD (RANGE- 1.3620 - 1.3740)



Sterling traded in a range bound manner with a slight positive bias towards 1.3674 levels in the last session. The long-awaited approval of Britain's post-Brexit trade deal with the European Union boosted sentiments. Pound is likely to trade in a bearish mode today as the UK PM states that the coronavirus restrictions in the country are "probably about to get tougher."



● USDJPY (RANGE- 102.70 - 103.50)



Japanese Yen weakened slightly owing to rebound seen in the US Dollar Index as restriction of activities in number of countries dented sentiments along with some short coverings by traders. Fear could direct the movements in Japanese Yen as there are reports that an emergency may be declared for as early as this week, as Japan grapples with record levels of infection.



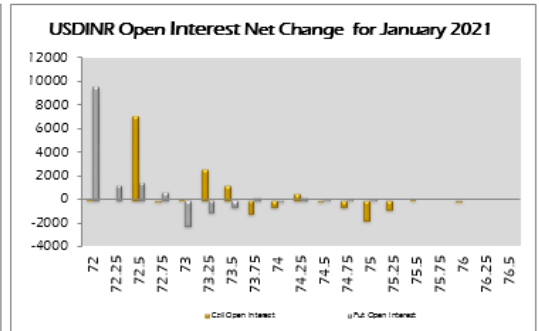
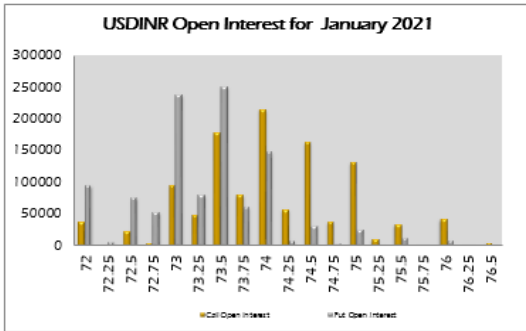
### IFA Outlook

		Q4 FY 2020-21		Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22	
“ Focus this week to be on the Georgia Senate runoffs, FOMC Meeting Minutes and the US NFP Employment data ”	USDINR	72.50-74.90	↔	73.00-76.00	↔	73.00 - 77.00	↑	73.00-76.00	↔
	\$ INDEX	89.00 - 93.00	↓	91.20- 95.50	↔	95.00- 100.00	↓	95.00- 100.00	↓
	EURUSD	1.1950-1.2350	↑	1.1700-1.2200	↑	1.1600-1.2150	↑	1.1450-1.2000	↑
	GBPUSD	1.3125-1.3650	↑	1.3100-1.3600	↑	1.3400-1.4000	↑	1.3500-1.4150	↑
	USDJPY	103.00 - 106.00	↓	104.00-108.00	↓	106.00-111.00	↔	107.00-112.00	↔
	AUDUSD	0.7150-0.7750	↑	0.7150- 0.7650	↑	0.7200- 0.7600	↔	0.7200- 0.7600	↔
	GOLD	\$1800- \$2000	↑	\$1800- \$2100	↑	\$1700- \$2200	↑	\$1700- \$2200	↑

Activity Kurtosis

• USDINR Open Interest (January expiry)

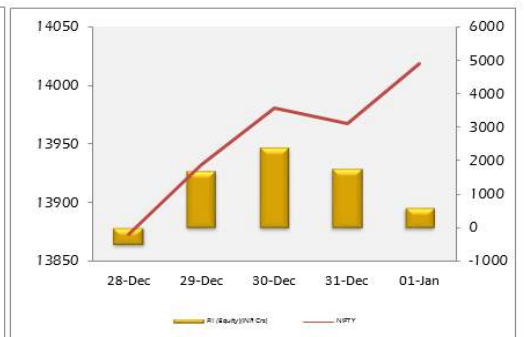
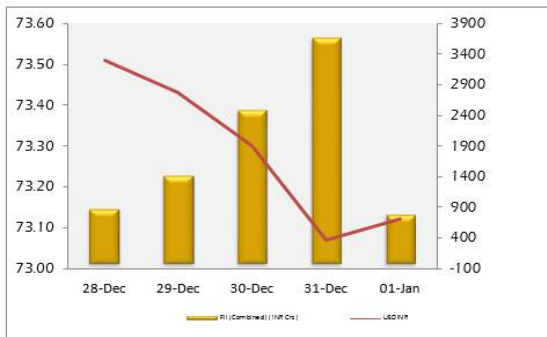
“ Highest OI for Call is seen at 74.00 and for Put at 73.50. Highest OI intraday buildup up for Call is seen at 72.50 & for Put it is seen at 72.00.



”

• FII activity against USDINR and Nifty

“ FII's have so far infused \$29.02 billion in the Financial year 2020-21



”

Chart of the Day

USDINR: 72.93

“ USDINR made a gap down opening today at 72.93 levels which lies below the lower bollinger band i.e. 73.03. Next support to be 72.80 levels which is a key levels. Immediate resistance to be at 73.52 levels which is the middle bollinger band. Major technical indicators suggest neutral to bearish view for intraday.



”

## Major Global Rates

## LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.08	0.14	0.26	0.34
EUR	-0.60	-0.59	-0.53	-0.49
JPY	0.04	-0.07	-0.06	0.05

## Rolling Forward Premiums (in paise)

MONTH	1M	3M	1Y	2Y
USDINR	0.24	0.72	3.34	6.96
EURINR	0.35	1.06	4.86	10.18
GBPINR	0.34	1.03	4.80	9.99
JPYINR	0.26	0.78	3.62	7.62

## Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	27435	0.75
	SHANGHAI	3505	0.91
	NIKKEI	27444	-0.45
INDIA	SENSEX	48102	0.49
	NIFTY	14094	0.54
US	CAC	5599	0.00
	DAX	13719	-0.31
	FTSE	6461	-1.45
	DOW	30606	0.65
	NASDAQ	12888	0.14

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1922.23	24.16	1.27
SILVER (\$/ounce)	27.04	0.670	2.53
WTI Crude (\$/brl)	49.04	0.52	1.07
Dollar INDEX	89.70	-0.24	-0.26
Bloomberg ADXY	109.91	0.64	0.59

FPI INFLOWS	FY 2020-21	CY 2021	1-Jan-21
EQUITY	218908	616	616
DEBT	-16872	179	179
HYBRID	10148	-46	-46
TOTAL	212184	749	749

Figures are in INR Crores

## Pivot Points

EURINR pair is likely to face immediate resistance at 90.44 (R1)

Pivot	S2	S1	P	R1	R2
USDINR	72.66	72.89	73.25	73.48	73.84
EURINR	84.89	86.80	88.53	90.44	92.17
GBPINR	94.46	97.21	98.73	101.48	103.00
JPYINR	70.36	70.58	70.89	71.11	71.42

## Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
1-Jan			There were no economic datasets				
4-Jan	INR	10:30 AM	Markit Manufacturing PMI (Dec)		56.5	56.3	
	EUR	2:25 PM	German Final Manufacturing PMI		58.6	58.6	
	EUR	2:30 PM	Final Manufacturing PMI		55.5	55.5	
	INR	5:30 PM	Balance of Trade (Dec)		\$-8.2B	\$-9.87B	

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89.85 4

0.24 120000

334  
208

0.00035

1.10618  
1.10704  
0.00086  
1.147  
0.00011  
1.14689

40 2520

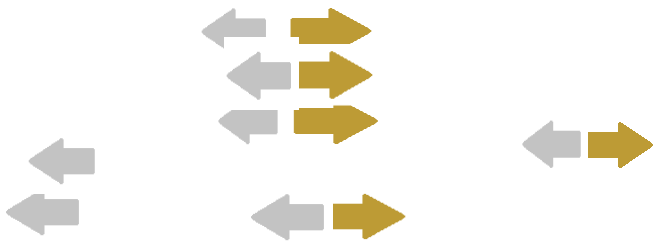
401 5.62886019

69.88  
78.21599

Rupee strengthens on account of sustained Foreign fund inflows

India Inc's  
profit share  
in the

5  
10  
50

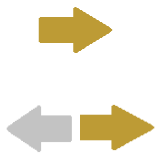


Yen - Upside



25	41	16
27	38	11

70.7375



Negative sentiment built up over trade concerns and U.S. fiscal issues seem to unwind



FII **2,12,184**  
 Closing **73.12**  
 29.02

18860



EURINR Premium In Ps									
Description	TN	1M	2M	3M	4M	5M	6M	7M	8M
BID	3.24	36.32	78.28	116.64	156.74	194.07	232.16	266.01	297.47
ASK	7.43	43.9	85.66	124.94	164.15	201.89	236.82	271.07	302.54

GBPINR Premium In Ps									
Description	TN	1M	2M	3M	4M	5M	6M	7M	8M
BID	2.1	36.18	76.75	114.77	152.98	188.68	224.9	256.42	286.41
ASK	7.74	42.3	83.27	121.45	159.66	195.38	232.39	263.92	293.91

JPYINR Premium In Ps									
Description	TN	1M	2M	3M	4M	5M	6M	7M	8M
BID	188.56	3173.46	6603.38	9936.7	13340.03	16457.8	19841.53	22588.95	25319.67
ASK	558.54	3736.91	7137.01	10576.75	13876.1	17028.21	20446.89	23195.55	25927.56

100.00

8.8

Libor Rates	ON	1M	3M	6M	1Y
USDINR	0.0661	0.7508	1.1349	1.1501	1.0141
EURINR	-0.5679	-0.3634	-0.2169	-0.1431	-0.1026
GBPINR	0.0595	0.2563	0.6678	0.7454	0.8544
JPYINR	0.0364	-0.0823	-0.0143	0.016	0.1053

innn

26.26

2.02

8

70.46

7.13

[Indiaforex@123](mailto:Indiaforex@123)

ASIA				EUROPE		
INDICES	Last	Change	Net Chg %	INDICES	Last	Change
NIKKEI 225	18578.97	2.67	0.01	DAX	10075.17	549.4
TOPIX	1376.77	0.47	0.03	FTSE 100(Fut)	5582.39	166.89
Hang Seng	23815.49	66.37	0.28			

Pivot	S2	S1	P	R1	R2
USDINR	0.00	0.00	0.00	0.00	0.00
EURINR	10148.00	-16872.00	218908.00	212184.00	Hang Seng
GBPINR	-46.00	179.00	616.00	749.00	23815.49
JPYINR	-46.00	179.00	616.00	749.00	66.37

● Bond Y

Country	2Year
India	6.75%
US	2.33%
Germany	-0.57%
UK	0.72%

EURINR	USDINR	Pivot	GBPINR	JPYINR
10148.00	0.00	S2	-46.00	-46.00
-16872.00	0.00	S1	179.00	179.00
218908.00	0.00	P	616.00	616.00

304

149

EUR

12.30 PM

German  
GDP  
(QoQ)  
1Q21

0.1%

0.1%

71.26  
1.1012  
78.471512

**78.47**

17.33 4.3325

79.2489









9M	10M	11M	1Y
336.61	369.68	400.85	438.3
343.68	374.78	405.96	445.4

9M	10M	11M	1Y
321.79	352.43	380.86	414.03
329.3	359.94	388.39	422.36

9M	10M	11M	1Y
28889.69	31556.45	34165	37452.48
29499.67	32167.65	34777.4	38066.48

		USA			Precious Metals/Energy			
Net Chg %	INDICES	Last	Change	Net Chg %	Indexes	Last	Change	Net Chg %
5.77	DJ IND AVG	22258.54	1206.01	5.73	GOLD	1655.84	40.43	2.51
3.08	S&P 500	2628.04	139.39	5.6	OIL	26.49	-1.85	-6.53
	NASDAQ	7783.85	410.76	5.57	SILVER	14.9	0.52	3.63

d

● Carry Trade

10 Year	Against USD	Carry
7.40%	INR	3.5%
2.50%	EUR	-2.50%
0.40%	GBP	-1.75%
1.11%	JPY	-2.60%