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FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

29 June 2020



From CEO's Desk



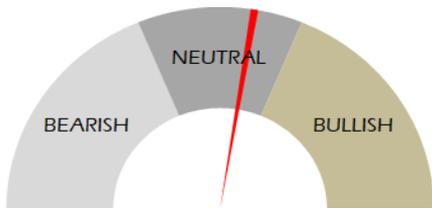
Mr. Abhishek Goenka

It is an important week from US data point of view. We have the June ADP private payroll data, ISM manufacturing and FOMC minutes on Wednesday. We have the NFP data for June on Thursday, Friday being a US holiday. We saw the nationalized banks aggressively buying USD, likely on behalf of the RBI and defending the 75.40 level yet again. Month end exporter selling could likely cap up side in USDINR. Jio related inflows are also expected to hit the market over the coming week. RBI FX Reserves fell USD 2bn to USD 505.5bn as on week ending 19th June. This was the first decline after 7 successive weeks of rise. The central bank most likely sold Dollars into the spike post Indo-China border tensions in order to smoothen volatility. The fall in US equities on Friday was led by banks, after the Federal Reserve asked them to cap dividends and halt buybacks to build up defence in case the crisis worsens further. US recorded 40000 new confirmed Coronavirus cases, the highest recorded so far. Rupee is likely to trade in 75.40-75.80 range. Asian currencies are trading flat.

Strategy: Exporters have been advised to cover on every uptick. Break of 75.40 level will be crucial as it may initiate fresh downside move. Importers have been advised to cover partially at spot levels. The 3M range for USDINR is 74.50 - 77.50 and the 6M range is 74.00 - 80.00.

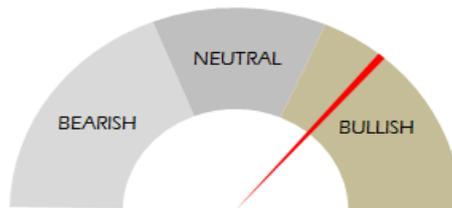
IFA Dollar- Rupee Sentiment Index

Intraday



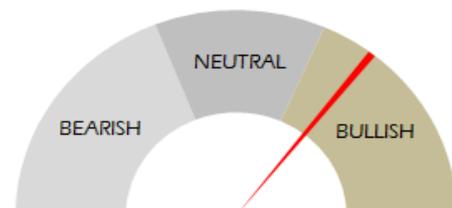
55%

Medium term (Upto 3 Months)



76%

Long term (3 to 6 Months)



75%

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

“ Global risk sentiment to drive the price action

- Asian stocks slide as coronavirus threatens economic reopening
- Gold rises as virus concerns lift safe-haven bid
- RBI extends enhanced borrowing limit to banks under MSF till Sept 30
- After 3-month selling streak, FPIs invest Rs 21,235 cr in June in domestic markets
- China central bank says economy faces risks from global pandemic, efforts against domestic resurgence

FX Outlook for the day

● USDINR (RANGE- 75.40 - 75.80)



USDINR opened flat today at 75.62. A spike in COVID cases in US and also on domestic front has led to expectations that more states may look to reimpose restrictions, which is likely to impede the pace of economic recovery across the globe. With nationalized banks aggressively buying USD around 75.40 and upside capped due to foreign inflows for investment in Jio, pair is likely to trade on a sideways note.



● EURUSD (RANGE- 1.1200 - 1.1285)



EURUSD pair has managed to trade above 1.1200 psychological mark despite weak risk sentiment globally. ECB's President Lagarde at the end of last week highlighted that the current crisis is worse than the 2008 one, and expressed concerns about a second wave of COVID-19. On the macro front, Germany's preliminary estimates of June inflation, and the EU June Economic Sentiment Indicator due today.



● GBPUSD (RANGE- 1.2330 - 1.2410)



GBPUSD pair has recovered marginally from the one week lows of 1.2335, currently hovering around 1.2370 level. Technically, 1.2330 is the crucial support, if it breaks then it could be extending its bearish leg targeting 1.2200. Over the weekend, UK Prime Minister Boris Johnson reiterated his willingness to walk away from the negotiations if insufficient progress is made on reaching an agreement.



● USDJPY (RANGE- 106.60 - 107.50)



Other than the second wave of virus woes, the trade war between the US and the rest of the global economies like the European Union (EU), the UK, China and Canada, are also exerting downside pressure on the market's risk-tone. With equities down globally and dollar recovering, risk sentiment to drive the price action today in the absence of major data release.



IFA Outlook

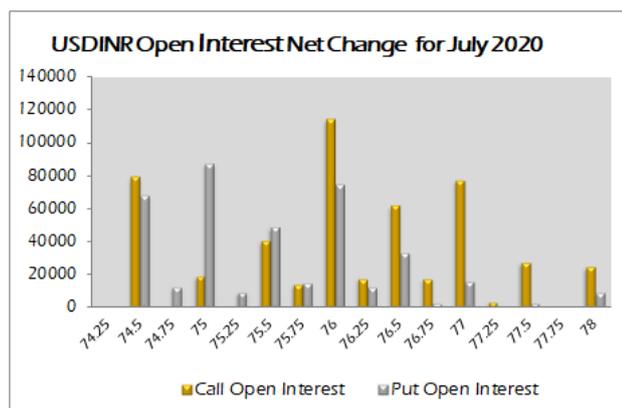
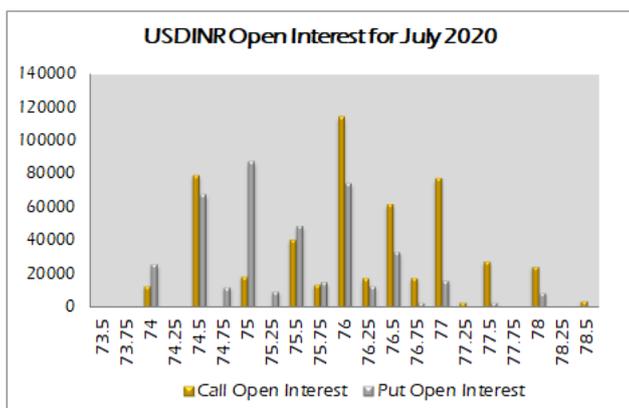
		Q1 FY 2020-21	Q2 FY 2020-21	Q3 FY 2020-21	Q4 FY 2020-21
Rising geopolitical tensions and concerns over second wave of Coronavirus cases weighs on risk sentiment globally	USDINR	74.50-77.50	74.00-80.00	74.00 - 80.00	74.00-80.00
	\$ INDEX	95.50- 100.00	96.00- 101.00	95.00- 100.00	95.00- 100.00
	EURUSD	1.0950-1.1450	1.0800-1.1450	1.1000-1.1650	1.1200-1.1800
	GBPUSD	1.2300-1.2700	1.2000-1.2600	1.2400-1.3000	1.2600-1.3200
	USDJPY	105.50-110.00	105.00-109.00	106.00-111.00	107.00-112.00
	AUDUSD	0.6600-0.7100	0.6500- 0.7000	0.6450- 0.7100	0.6800- 0.7500
	GOLD	\$1580-\$1850	\$1600-\$1900	\$1550-\$1850	\$1450-\$1800

”

Activity Kurtosis

• USDINR Open Interest (July expiry)

“ Highest OI for Put stands at 75.00 and for Call at 76.00. Highest OI intraday buildup is also seen at 75.00 Put and 76.00 Call ”



• FII activity against USDINR and Nifty

“ FIIs have so far withdrawn \$14.19 billion in the calendar year 2020 ”

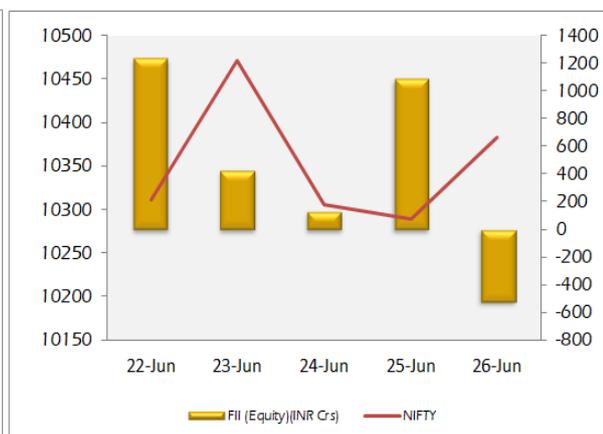
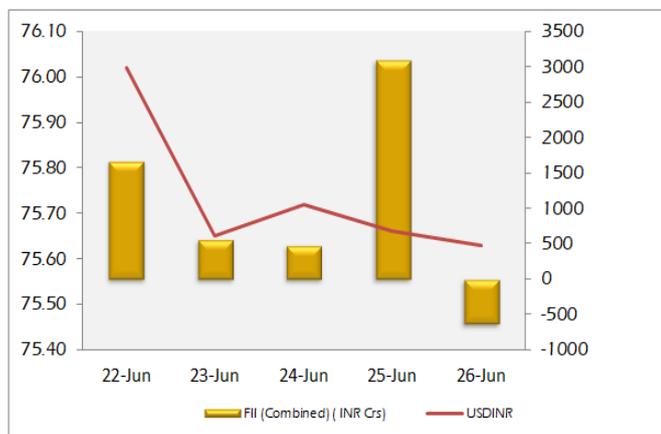


Chart of the Day

USDINR Spot: 75.57

“ USDINR pair is trading marginally lower at 75.57 after opening flat at 75.62. The pair has failed to breach daily middle Bollinger band level at 75.76 in the last couple of sessions. 75.40-75.50 range on the downside is likely to provide strong support. The intraday view for the pair remains neutral. ”



Major Global Rates

LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.07	0.18	0.36	0.57
EUR	-0.56	-0.48	-0.32	-0.22
JPY	0.04	-0.08	-0.01	0.11

Rolling Forward Premiums (in paise)

MONTH	1M	3M	1Y	2Y
USDINR	0.22	0.68	2.94	6.52
EURINR	0.30	0.94	4.06	8.93
GBPINR	0.29	0.89	3.79	8.33
JPYINR	0.24	0.74	3.24	7.16

Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	24202	-1.42
	SHANGHAI	2958	-0.71
	NIKKEI	22023	-2.17
INDIA	SENSEX	34848	-0.92
	NIFTY	10302	-0.78
EUROPE	CAC	4909	-0.18
	DAX	12089	-0.73
	FTSE	6159	0.20
US	DOW	25016	-2.84
	NASDAQ	9757	-2.59

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1785.00	5.00	0.28
SILVER (\$/ounce)	17.86	0.11	0.62
Brent (\$/brl)	40.28	-0.65	-1.54
Dollar INDEX	97.33	-0.15	-0.15
Bloomberg ADXY	102.80	0.01	0.01

FPI INFLOWS	FY 2020-21	CY 2020	26-Jun-20
EQUITY	30,579	-17,452	-521
DEBT	-32,113	-94,708	-110
HYBRID	2,508	4,859	2
TOTAL	974	-1,07,301	-629

Figures are in INR Crores

Pivot Points

JPYINR pair is now likely to find intraday support at 70.16 (S1)

Pivot	S2	S1	P	R1	R2
USDINR	74.91	75.27	75.78	76.14	76.65
EURINR	83.89	84.36	85.05	85.52	86.21
GBPINR	92.02	92.65	93.77	94.40	95.52
JPYINR	69.77	70.16	70.77	71.16	71.77

Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
26-Jun	JPY	5:00 AM	Tokyo Core CPI (YoY) (Jun)	0.20%	0.20%	0.20%	Neutral
	USD	6:00 PM	Core PCE Price Index (YoY) (May)	1.00%	0.90%	1.00%	Bearish
29-Jun	EUR	5:30 PM	German CPI (MoM) (Jun)		0.30%	-0.10%	
	USD	7:30 PM	Pending Home Sales (MoM) (May)		19.7%	-21.8%	

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