



FX Partner You Can Trust

# FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

30 June 2020



## From CEO's Desk

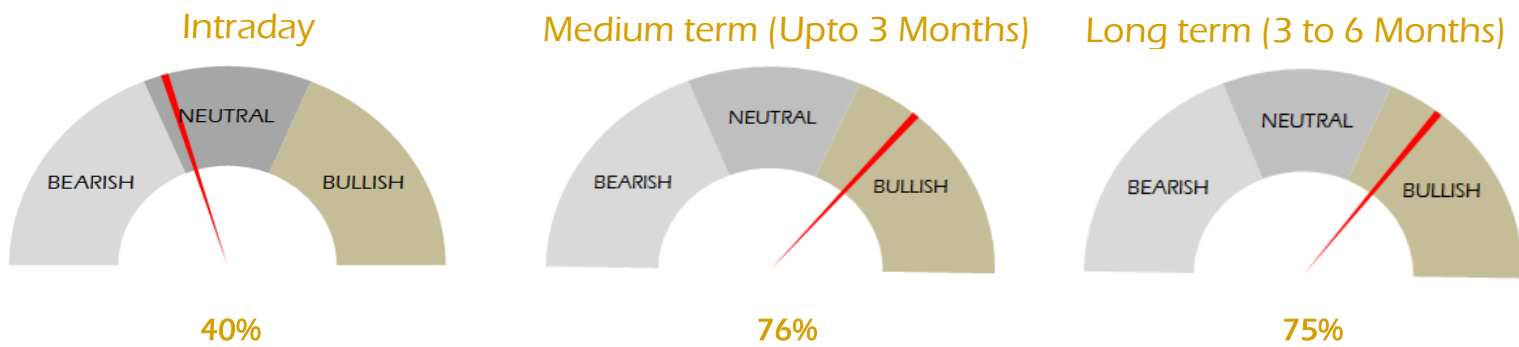


Mr. Abhishek Goenka

Today is the last day of RBI's financial year. If the theory linking RBI's FX purchases to the new economic capital framework is true, we may see the RBI step off the gas going forward as far as Dollar buying is concerned. The Rupee may align with the global Dollar more closely. The PM is going to address the nation today at 4pm. The address would most likely be centred around unlock 2.0 but there is a chance he may outline India's stance on recent Indo-China tensions. We expect a sideways, flow driven session in the Rupee ahead of the address. The German parliament has backed ECB's bond buying and is likely to accept it as being "proportionate", thereby fulfilling the criteria of the German constitutional court and letting the Bundesbank continue participating in ECB's asset purchases. This is a positive development for the Euro. The RBI yesterday announced a special OMO (Operation Twist) of Rs 10000cr. The RBI would sell T-bills and buy longer dated securities. This would help the market absorb the duration supply and reduce the term premium. Rupee is likely to trade in 75.30-75.60 range.

**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



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

“ PM Modi to address nation today at 4 pm

- China passes national security law for Hong Kong
- Global stocks rise as investors shrug off US virus outbreaks
- Fed opens lending program for new issuance of Corporate debt
- RBI brings back Operation Twist amounting Rs 10000 cr to manage yield curve
- Govt eyes higher RBI surplus this year as Covid-19 hurts tax revenues

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## FX Outlook for the day

### ● USDINR (RANGE- 75.30 - 75.60)



USDINR opened lower today by 11 paise at 75.47 as investors shrug off second wave outbreak and flocked towards riskier assets. Asian currencies have strengthened against USD, Asian equities are also trading with 1% gains on an average. Month end exporter selling and RBI dollar buying intervention at 75.40 is likely to keep the pair trading in a tight range. India CAD & Fiscal deficit data due later today.



### ● EURUSD (RANGE- 1.1200 - 1.1285)



The EURUSD pair pulled back more than fifty pips from the intraday highs as the DXY erased losses and rose again to the 97.50. Economic data from the US came in above expectations. Pending Home Sales jumped 44.3% in May while the Dallas Fed Manufacturing Index climbed to -6.1, against a reading of -59 of market consensus supporting the dollar. Focus will now turn to Eurozone June Inflation data.



### ● GBPUSD (RANGE- 1.2260 - 1.2350)



The pound fell against the dollar to fresh one-month lows on Monday, amid concerns about the U.K.'s post-Brexit spending plans despite uncertainties that the latest round of U.K-EU trade talks are unlikely to yield progress. U.K. public debt has exceeded GDP for the first time since 1963, after the government borrowed a record £55bn in May to fund its fiscal stimulus programs.



### ● USDJPY (RANGE- 107.35 - 108.15)



USDJPY advanced 0.4% to 107.70 after the government data showed that Japan's industrial production declined 8.4% in May (-5.7% expected), while jobless rate rose to 2.9% (2.8% expected) from 2.6% in April. Recovery in the global indices also backed the pair's rally. Focus will now be on US consumer confidence data followed by FOMC members' speeches due later for the day.



## IFA Outlook

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Rising geopolitical tensions and concerns over second wave of Coronavirus cases to influence the risk sentiment for the short term

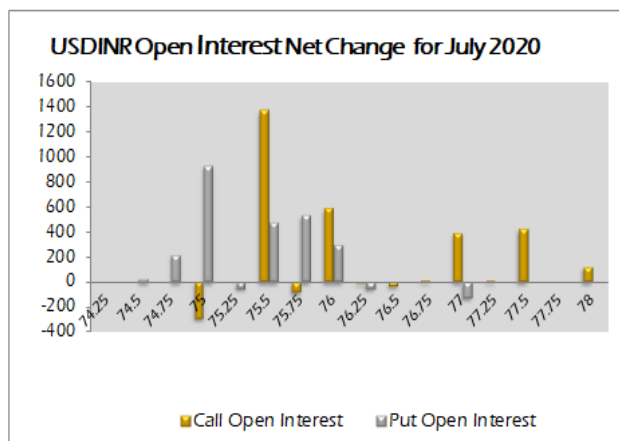
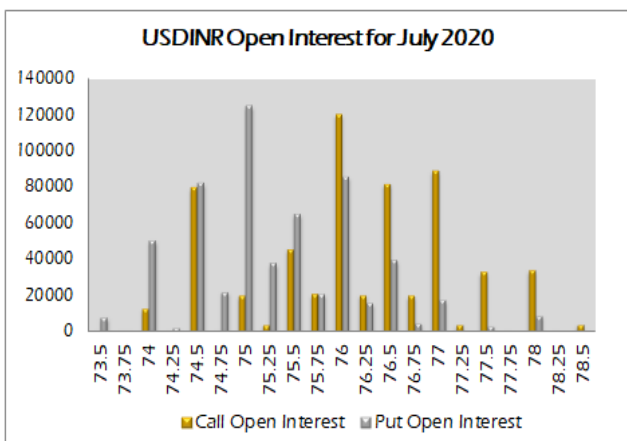
		Q1 FY 2020-21		Q2 FY 2020-21		Q3 FY 2020-21		Q4 FY 2020-21	
USDINR		74.50-77.50	↑	74.00-80.00	↑	74.00 - 80.00	↑	74.00-80.00	↑
\$ INDEX		95.50- 100.00	↓	96.00- 101.00	↔	95.00- 100.00	↓	95.00- 100.00	↓
EURUSD		1.0950-1.1450	↑	1.0800-1.1450	↓	1.1000-1.1650	↑	1.1200-1.1800	↑
GBPUSD		1.2300-1.2700	↑	1.2000-1.2600	↔	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	↑

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### Activity Kurtosis

#### • USDINR Open Interest (July expiry )

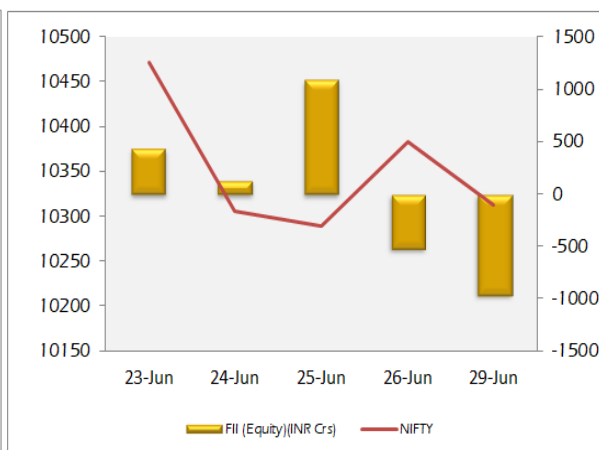
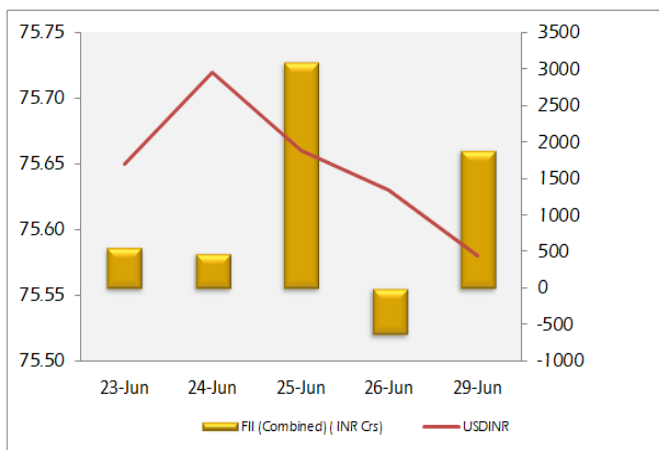
“ Highest OI for Put stands at 75.00 and for Call at 76.00. Highest OI intraday buildup is seen at 75.00 Put and 75.50 Call



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#### • FII activity against USDINR and Nifty

“ FIIs have so far withdrawn \$ 13.95 billion in the calendar year 2020

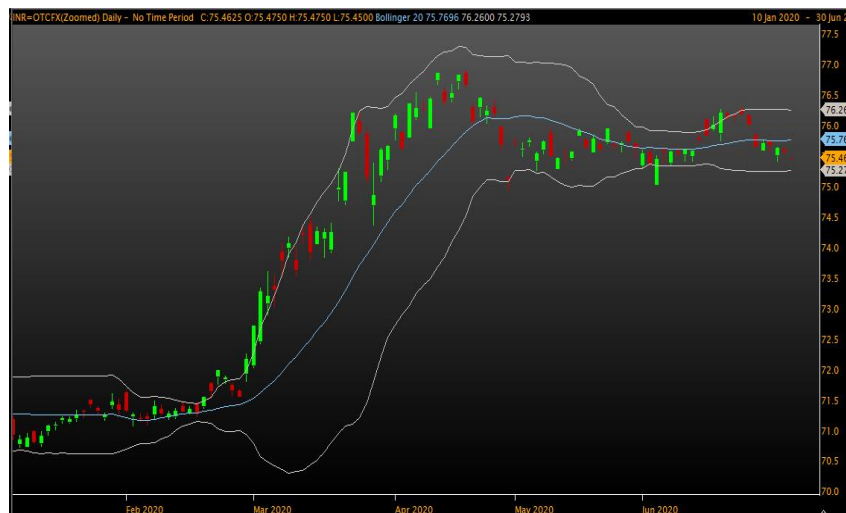


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### Chart of the Day

USDINR Spot: 75.47

“ USDINR pair gave a gap down opening today at 75.47. 75.40-75.50 range is likely to provide strong support. On the flipside, the pair has failed to breach daily middle Bollinger band level at 75.75 from last one week. The intraday view for the pair remains neutral to bearish.



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## Major Global Rates

## LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.08	0.17	0.37	0.56
EUR	-0.56	-0.48	-0.34	-0.23
JPY	0.04	-0.08	-0.02	0.11

## Rolling Forward Premiums (in paise)

MONTH	1M	3M	1Y	2Y
USDINR	0.23	0.67	2.91	6.52
EURINR	0.31	0.92	4.02	8.92
GBPINR	0.29	0.87	3.75	8.31
JPYINR	0.24	0.71	3.19	7.11

## Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	24507	0.85
	SHANGHAI	2979	0.58
	NIKKEI	22363	1.67
INDIA	SENSEX	35199	0.68
	NIFTY	10392	0.77
EUROPE	CAC	4945	0.73
	DAX	12232	1.18
	FTSE	6226	1.08
US	DOW	25596	2.32
	NASDAQ	9874	1.20

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1783.00	2.00	0.14
SILVER (\$/ounce)	18.12	0.06	0.35
Brent (\$/brl)	41.70	-0.15	-0.36
Dollar INDEX	97.50	-0.04	-0.04
Bloomberg ADXY	102.97	0.09	0.09

FPI INFLOWS	FY 2020-21	CY 2020	29-Jun-20
EQUITY	29,621	-18,409	-958
DEBT	-29,260	-91,856	2,851
HYBRID	2,504	4,855	-4
TOTAL	2,865	-1,05,410	1,889

Figures are in INR Crores

## Pivot Points

“ GBPINR pair is now likely to find intraday support at 92.65 (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
29-Jun	EUR	5:30 PM	German CPI (MoM) (Jun)	<b>0.60%</b>	0.30%	-0.10%	<b>Bullish</b>
	USD	7:30 PM	Pending Home Sales (MoM) (May)	<b>44.30%</b>	19.7%	-21.8%	<b>Bullish</b>
30-Jun	CNY	6:30 AM	Manufacturing PMI (Jun)	<b>50.9</b>	50.4	50.6	<b>Bullish</b>
	GBP	11:30 AM	GDP (QoQ) (Q1)		-2.0%	0.0%	
	EUR	2:30 PM	CPI (MoM)			-0.10%	
	INR	5:00 PM	Current Account (USD)			-1.4B	
	USD	7:30 PM	CB Consumer Confidence (Jun)		91.8	86.6	

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