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FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

27 March 2020



The enormous liquidity injected by central banks seems to be beginning to pump asset prices, especially equities. The Dow has seen the largest 3 day surge in 90 years. The Dow rallied another 6.4% overnight and has recovered 4300 pts from recent lows. This is despite a record rise in US jobless claims reported yesterday to 3.28mn against expectations of 1.5mn. (2 weeks earlier jobless claims were at 50 year lows). The finance minister yesterday announced a Rs 1.7lakh cr stimulus to help the economy tide over the crisis. The stimulus includes food security measures and direct cash transfers targeted at lower income groups. Like other major global central banks, RBI today went with emergency rate cut of 75 bps and reduced reverse repo by 90 basis points to make it unattractive for banks to park funds with RBI. Launch of Tltro worth 25000 crore, 1% reduction In CRR and raising MSF to inject more liquidity will be an additional boost to stimulate the economy.

From CEO's Desk

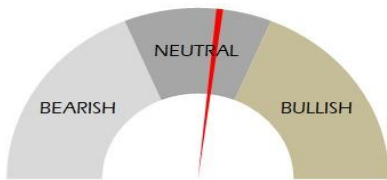


Mr. Abhishek Goenka

Strategy: Exporters are advised to hold. Importers are advised to go for back to back hedging or through RR option strategy (Buy Call, Sell Put). The 3M range for USDINR is 73.00 - 77.00 and the 6M range is 72.0 - 78.00 considering the panic situation amid coronavirus spread.

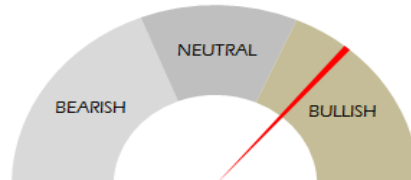
IFA Dollar- Rupee Sentiment Index

Intraday



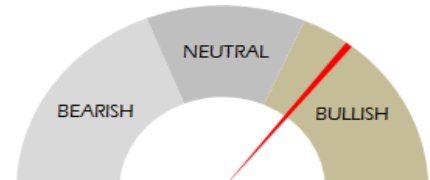
52%

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

- “
- India MPC cuts repo rate by 75 bps, reverse repo rate by 90 bps
 - India outlines \$22.6 billion stimulus to help poor hit by lockdown
 - UK throws lifeline to self-employed hit by coronavirus
 - U.S. weekly jobless claims soar to record 3.28 million
 - G20 leaders to inject \$5 trillion into global economy in fight against covid-19
 - Federal Reserve's balance sheet tops \$5 trillion for first time
- ”

FX Outlook for the day

● USDINR (RANGE- 74.35- 75.00)



From last three trading sessions, USDINR pair is trading under retracement mode and has come down by 180 paise to 74.60. After US \$2 tn package, India's finance minister yesterday announced a Rs 1.7lakh cr stimulus to help the economy tide over the crisis. The stimulus includes food security measures and direct cash transfers targeted at lower income groups.



● EURUSD (RANGE- 1.1000- 1.1150)



EURUSD pair has rallied more than 2.5% this week and the primary reason behind the rally is broad dollar weakness. Fed said that the central bank would expand easing if necessary. This came after the relief package. The outlook for the US economy is gaining attention and investors are starting to see through the cracks of the mighty dollar.



● GBPUSD (RANGE- 1.2180 -1.2350)



GBPUSD pair gained 2% in a day as grim US jobs data weakened the dollar. Yesterday, BoE left interest rates unchanged at 0.10% and said the central bank stands ready to expand asset purchases if needed. The downside, however, remained cushioned amid the prevailing bearish sentiment surrounding the US dollar.



● USDJPY (RANGE- 107.80 - 109.00)



USDJPY remains on the back foot below 109.00 levels. US unemployment claims jumped to 3.28 million, as with the ongoing lockdown and majority being quarantined these numbers are expected to increase further. Data added pressure on the dollar which backed the safe haven Yen. If the risk sentiment further dampens coupled with weaker dollar, we might see a sharp downfall in the pair.



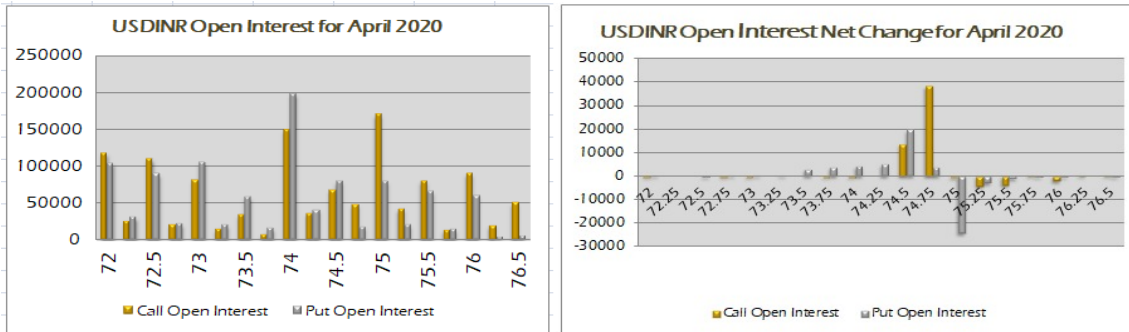
IFA Outlook

“
Headlines on Covid-19 are likely to dictate the price action for the short term
”

		Q4 FY 2019-20		Q1 FY 2020-21		Q2 FY 2020-21		Q3 FY 2020-21	
USDINR	73.00-77.00	↑	72.00-78.00	↑	72.50 - 77.00	↑	71.00-76.00	↑	
\$ INDEX	98.50- 101.00	↑	97.00- 100.00	↔	95.00- 100.00	↓	95.00- 100.00	↓	
EURUSD	1.0400-1.1000	↓	1.0600-1.1200	↔	1.1000-1.1650	↑	1.1200-1.1800	↑	
GBPUSD	1.1700-1.2400	↓	1.1600-1.2600	↓	1.2800-1.3800	↔	1.2800-1.3800	↔	
USDJPY	106.50-111.00	↑	106.00-111.00	↓	105.00-110.00	↔	102.00-108.00	↔	
AUDUSD	0.5500-0.6000	↓	0.6500- 0.7000	↔	0.6450- 0.7100	↔	0.6800- 0.7500	↔	
GOLD	\$1500- \$1700	↑	\$1500- \$1750	↑	\$1450- \$1800	↑	\$1450- \$1800	↑	

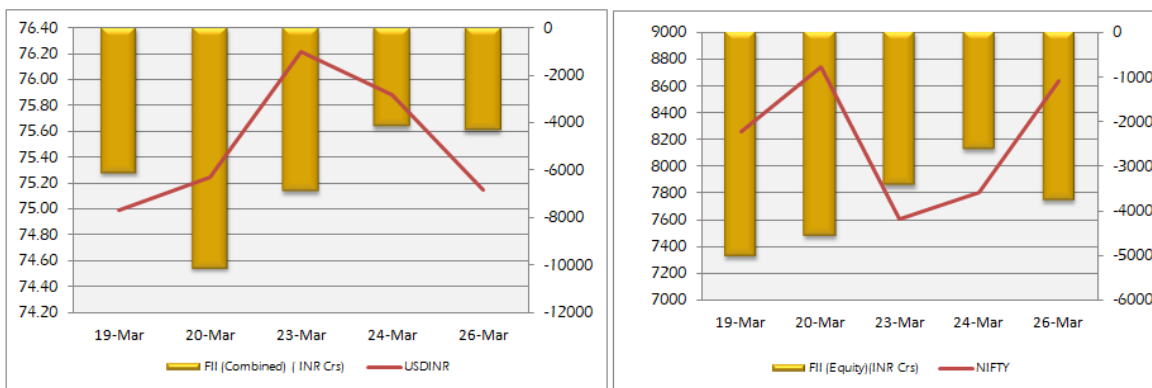
Activity Kurtosis

• USDINR Open Interest (April Expiry)



“ Highest OI for Put stands at 74.00 and for Call at 75.00 strike price. Highest OI buildup is seen at 74.75 Call and unwinding at 75.00 Put ”

• FII activity against USDINR and Nifty



“ FIIs have so far withdrawn \$ 13.44 billion in the calendar year 2020 ”

Chart of the Day

USDINR Spot 74.44



“ After a gap down opening , USDINR pair has moved further lower towards the earlier breakout level of 74.50. If the weekly closing is below 74.50, then we might bears gathering momentum next week. On the higher side, 76.20- 76.30 range is likely to act as a resistance zone ”

Major Global Rates

LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.15	0.94	1.05	0.97
EUR	-0.56	-0.42	-0.24	-0.18
JPY	0.03	-0.13	-0.05	0.07

Rolling Forward Premiums

MONTH	1M	3M	1Y	2Y
USDINR	0.47	1.06	3.31	6.46
EURINR	0.66	1.45	4.64	9.05
GBPINR	0.68	1.44	4.03	7.95
JPYINR	0.58	1.29	3.82	7.42

Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	23592.00	1.03
	SHANGHAI	2804.00	1.41
	NIKKEI	19172.00	2.61
INDIA	SENSEX	31067.00	3.74
	NIFTY	9024.00	4.43
EUROPE	CAC	4560.00	3.10
	DAX	9890.00	-1.60
	FTSE	5652.00	-1.59
US	DOW	22054.00	-1.34
	NASDAQ	7743.00	-1.27

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1639.00	-11.50	-0.7
SILVER (\$/ounce)	14.72	0.05	0.32
WTI CRUDE (\$/brl)	23.04	0.44	1.95
Dollar INDEX	98.96	-0.40	-0.40
Bloomberg ADXY	101.91	0.24	0.24

FPI INFLOWS	FY 2019-20	CY 2020	26-Mar-20
EQUITY	8,737	-45,445	-3,789
DEBT	-36,728	-57,946	-570
HYBRID	7,702	2,355	-6
TOTAL	-20,289	-101,036	-4,365

Figures are in INR Crores

Pivot Points

“ EURINR pair is likely to find immediate resistance at R1 (82.53) ”

Pivot	S2	S1	P	R1	R2
USDINR	73.80	74.08	74.40	74.81	75.02
EURINR	80.98	81.60	81.91	82.53	82.84
GBPINR	90.30	90.62	90.80	91.25	91.80
JPYINR	68.10	68.50	68.85	69.25	69.50

Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
26-Mar	GBP	12:30 PM	Retail Sales (MoM) (Feb)	-0.3%	0.2%	1.1%	BEARISH
	GBP	5:30 PM	BoE Interest Rate Decision (Mar)	0.10%	0.10%	0.10%	NEUTRAL
	USD	6:00 PM	GDP (QoQ) (Q4)	2.1%	2.1%	2.1%	NEUTRAL
27-Mar	USD	6:00 PM	Core PCE Price Index (MoM) (Feb)		0.2%	0.1%	
	USD	7:30 PM	Michigan Consumer Sentiment (Mar)		90.0	95.9	

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