



FX Partner You Can Trust

FOREIGN EXCHANGE OUTLOOK

DAILY CURRENCY INSIGHT

30 March 2020



From CEO's Desk



Mr. Abhishek Goenka

The Coronavirus situation in the US continues to deteriorate. The US has become the epicenter of the pandemic now. US president Trump has decided to extend the social distancing guidelines until April 30th. The US Centre for Disease control has issued a travel advisory for New York, New Jersey and Connecticut.

India Coronavirus cases have crossed the 1000 mark.

The overall risk sentiment is negative. US treasury yields are lower. USD has strengthened across the board. Asian currencies are trading 0.3-1% weak against the US Dollar. Asian equities are trading with cuts of 1.5-2.5%.

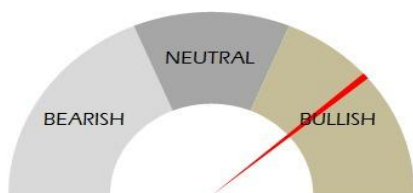
Likely range for the USDINR is 74.85-75.50. Month end exporter selling and nationalized banks intervening on behalf of the RBI could cap up side in USDINR intraday.

Watch out for the spread between April futures and April OTC as there is a handsome arbitrage on offer there. Fitch on Friday downgraded UK to AA-. We could see more such rating downgrades in the near term as government around the globe have doled out massive stimulus packages to tide over the economic fallout of the Virus outbreak.

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.

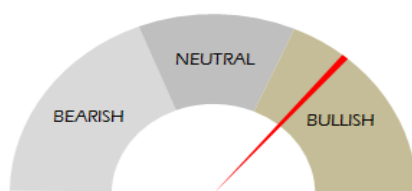
IFA Dollar- Rupee Sentiment Index

Intraday



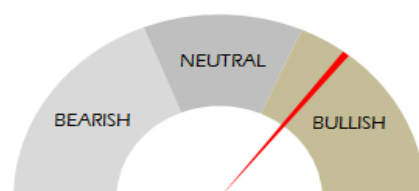
77%

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

" US extends social distancing till April 30; Global risk sentiment negative

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- Coronavirus shutdown puts Rs 15-trillion debt at risk, to impact finances
- Brent Crude plummets to 17-year low as pandemic darkens demand outlook
- RBI said mega merger of state-run banks comes into force from April 1
- Japan to extend stimulus on unprecedented scale
- Global covid-19 cases of reported infections exceed 700,000

FX Outlook for the day

● USDINR (RANGE- 74.85 - 75.50)



USDINR pair is extending its bullish momentum, opening higher by 32 paise to 75.18 as EM market currencies face sell-offs against strengthening USD. Domestic indices opens with 3% cut tracking weak global cues. FII outflows and weak appetite for riskier assets is likely to lift the pair further upside.



● EURUSD (RANGE- 1.1020 - 1.1140)



Euro's rise may face a hurdle as the quarter end flows are usually supportive for the U.S. dollar. The common currency gained 4% , marking best week in a decade. With cases surpassing China and Italy in U.S., investors are again flocking towards safe haven assets. As the crisis expands, economic growth has come to a halt. Gains in the Euro are expected to be short lived.



● GBPUSD (RANGE- 1.2320 - 1.2440)



Sterling gains were built on Friday despite revelations that Prime Minister Boris Johnson and Health Secretary Matt Hancock have both contracted coronavirus. Surge was largely due to retreat in the greenback. Risk appetite will drive the price action as coronavirus spreads throughout the major hotspots in the world, notably the U.S. and Europe including the UK.



● USDJPY (RANGE- 106.80 - 108.00)



Safe haven Yen is trading stronger against USD, with stocks down across the board. Markets are depending on the flow of stimulus from world governments, as for stimulus for Japan, PM Abe said on Saturday that the government will announce an extra budget within ten-days to fund a massive stimulus package to boost the demand. Risk-off sentiment will continue to favor Yen.



IFA Outlook

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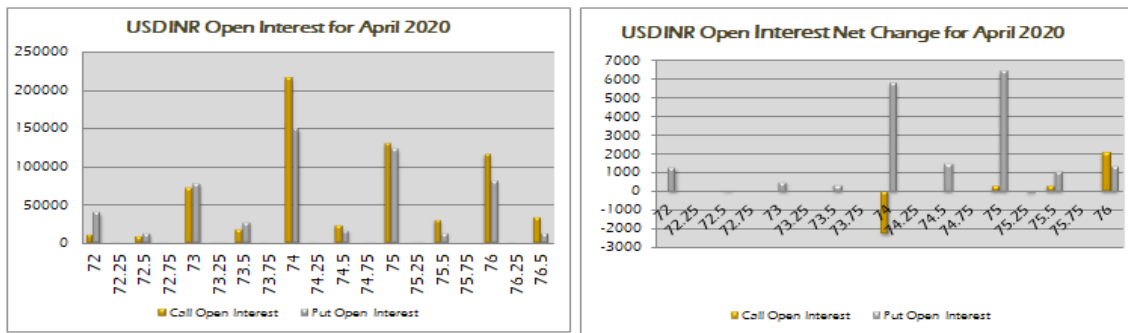
Investors will continue to sell emerging-market assets and swap the proceeds into the global reserve currency (US dollar)

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	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	1.0700-1.1250	↓	1.0600-1.1200	↔	1.1000-1.1650	↑	1.1200-1.1800	↑	
GBPUSD	1.1800-1.2500	↓	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	0.5800-0.6300	↓	0.6500- 0.7000	↔	0.6450- 0.7100	↔	0.6800- 0.7500	↔	
GOLD	\$1500- \$1700	↑	\$1500- \$1750	↑	\$1450- \$1800	↑	\$1450- \$1800	↑	

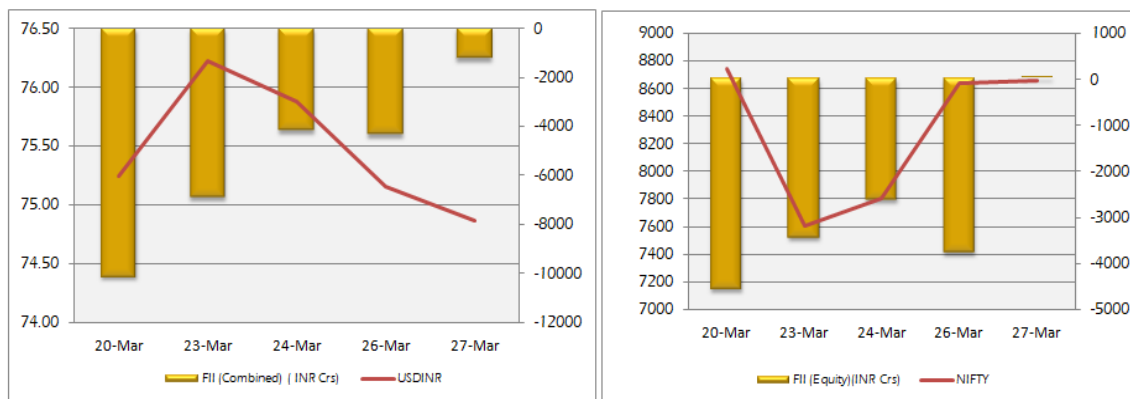
Activity Kurtosis

• USDINR Open Interest (April Expiry)



Highest OI for Call and Put stands at 74.00. Highest OI buildup is seen at 75.00 Put and unwinding at 74.00 Call

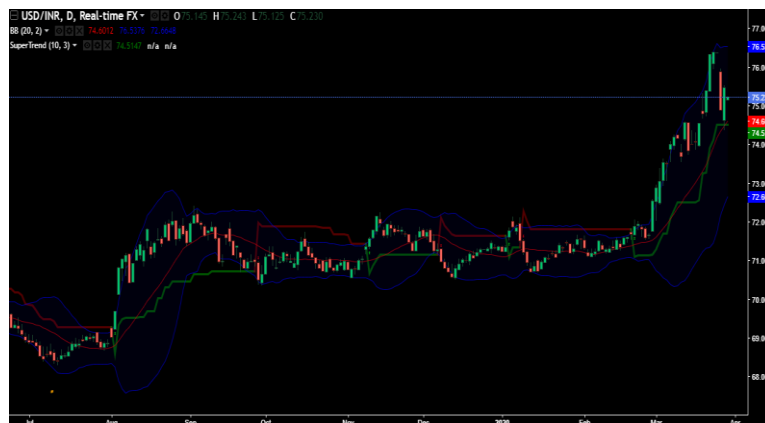
• FII activity against USDINR and Nifty



FIIs have so far withdrawn \$13.66 billion in the calendar year 2020

Chart of the Day

USDINR Spot 75.18



USDINR pair gave a gap up opening today at 75.18. Bullish bias remains intact for the near term. The pair is likely to trade in the range of 74.30 - 76.30. Either side breakout of the given range will guide further direction.

Major Global Rates

LIBOR Rates

LIBOR	ON	1M	6M	1Y
USD	0.13	0.99	1.07	0.97
EUR	-0.56	-0.40	-0.24	-0.19
JPY	-0.21	-0.11	-0.02	-0.08

Rolling Forward Premiums

MONTH	1M	3M	1Y	2Y
USDINR	0.28	0.86	3.10	6.05
EURINR	0.44	1.46	4.47	8.81
GBPINR	0.42	1.45	4.09	8.10
JPYINR	0.38	1.29	3.88	7.75

Quick Glance

REGION	GLOBAL INDICES	LAST	% CHANGE
ASIA	HANG SENG	23103.00	-1.62
	SHANGHAI	2727.00	-1.63
	NIKKEI	18681.00	-3.63
INDIA	SENSEX	29002.00	-2.73
	NIFTY	8427.00	-2.59
EUROPE	CAC	4317.00	-4.84
	DAX	9503.00	-0.19
	FTSE	-5403.00	1.01
US	DOW	21190.00	-1.15
	NASDAQ	7511.00	-0.76

COMMODITIES/DI	LAST	CHANGE	% CHANGE
GOLD (\$/ounce)	1646.00	-7.45	-0.45
SILVER (\$/ounce)	14.07	-0.45	-3.16
WTI CRUDE (\$/bbl)	20.35	-1.17	-5.44
Dollar INDEX	98.63	0.27	0.27
Bloomberg ADXY	101.18	-0.31	-0.31

FPI INFLOWS	FY 2019-20	CY 2020	27-Mar-20
EQUITY	8,748	-45,434	11
DEBT	-37,978	-59,196	-1,251
HYBRID	7,700	2,353	-2
TOTAL	-21,530	-102,277	-1,241

Figures are in INR Crores

Pivot Points

	Pivot	S2	S1	P	R1	R2
USDINR	74.80	75.12	75.31	75.55	75.79	
EURINR	81.98	82.60	82.91	83.53	83.84	
GBPINR	92.18	92.51	92.80	93.25	93.80	
JPYINR	68.85	69.10	69.55	69.86	70.12	

EURINR is expected to face hurdle at R1 (83.53)

Macro Monitor

	Currency	Time (IST)	Major Global Events	Actual	Forecast	Previous	Impact
27-Mar	USD	6:00 PM	Core PCE Price Index (MoM) (Feb)	0.2%	0.2%	0.2%	NEUTRAL
	USD	7:30 PM	Michigan Consumer Sentiment (Mar)	89.1	90.0	95.9	BEARISH
30-Mar	EUR	5:30 PM	German CPI (MoM) (Mar)		0.1%	0.4%	
	USD	7:30 PM	Pending Home Sales (MoM) (Feb)		-1.0%	5.2%	

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