

FX DAILY DOSSIER



February 23, 2021

KEY MARKET THEME

- Dollar pinned lower as focus turns to Powell.
- Hopes of growing demand for fuel as the global economy reopened following the rollout of Covid-19 vaccines.
- Sterling has rallied as a speedy vaccine rollout has inspired confidence in the prospect of a British economic rebound.

FX Majors	CMP	1W	1M
EURUSD	1.2174	0.56%	0.10%
GBPUSD	1.4082	1.29%	2.53%
USDJPY	104.95	-1.03%	1.29%

FX Cross INR	CMP	1W	1M
USDINR	72.42	-0.69%	-0.67%
EURINR	88.17	-0.14%	-0.57%
GBPINR	101.98	0.58%	1.82%
JPYINR	69.01	0.35%	-1.93%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.23%	17.80	26.50
US	1.36%	15.37	27.72
Germany	-0.34%	8.88	17.43
UK	0.68%	15.96	36.93

Flows	DTD	WTD	MTD
FII's (INR Crs)	-893.25	5,072.24	22,981.42

Note: 1W refers to 1 week change from CMP | 1M refers to 1 month change from CMP

MACRO ANALYSIS

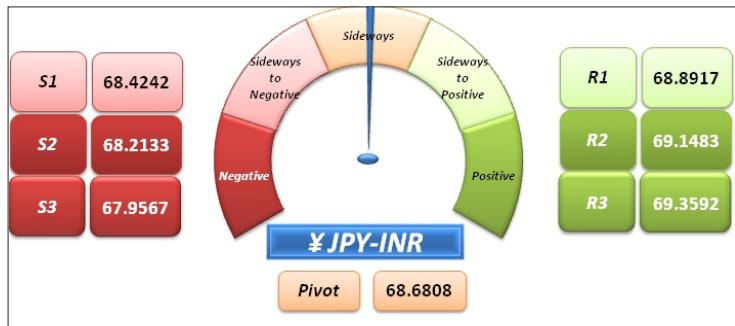
The dollar nursed losses near a six-week low on Tuesday while commodity currencies loitered around multi-year highs, as investors' focus shifted to how U.S. Federal Reserve chief Jerome Powell might respond to resurgent inflation expectations. However the gains have come with a worldwide rise in inflation expectations and a big sell-off in longer-dated bonds.

Traders expect Powell, who testifies before Congress at 1500 GMT, to provide some reassurance that the Fed will tolerate higher inflation without immediately hiking rates, which they said could calm bond markets and eventually weigh on the dollar. Morning moves were slight ahead of his appearance, but renewed confidence that low U.S. interest rates will not lift anytime soon can likely clear the way for further gains in trade-exposed currencies at the dollar's expense.

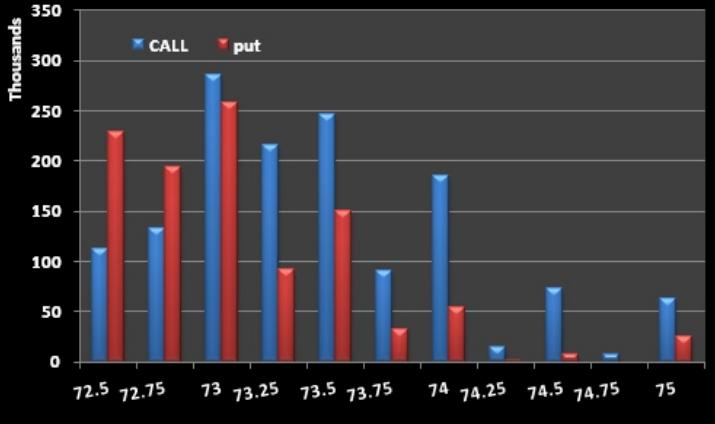
Sterling, which has rallied nearly 3% this year as a speedy vaccine rollout has inspired confidence in the prospect of a British economic rebound. The Japanese yen, which has been the worst performing major currency of 2021 because it is sensitive to tumbling U.S. Treasury prices. Elsewhere bitcoin steadied above \$50,000 after a wild overnight ride where it traded in a \$10,000 range and dropped as low as \$47,400.

ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
USD Fed Chair Powell Testifies	20:30			



USDINR Options Activity (Near Month)



USDINR OI Change (FTD)



USDINR Option Greek Data (Near Month)

24-Feb-21	CALL				Option Greeks					PUT				Option Greeks				
	MKT_PRICE	Theoretical	IV	DELTA	GAMMA	VEGA	THETA	RHO	MKT_PRICE	Theoretical	IV	DELTA	GAMMA	VEGA	THETA	RHO		
72.99	0.0800	0.28	0.8%	0.55	0.653	0.04	-0.02	0.01	0.2875	0.21	8.0%	-0.45	0.653	0.04	-0.01	-0.01		
71.25	0.0400	0.16	2.6%	0.39	0.630	0.039	-0.02	0.01	0.5125	0.34	10.3%	-0.61	0.630	0.04	-0.01	-0.01		
71.50	0.0250	0.09	3.8%	0.24	0.514	0.03	-0.02	0.00	0.7350	0.52	12.1%	-0.76	0.514	0.03	0.00	-0.01		
71.75	0.0125	0.04	4.4%	0.13	0.355	0.02	-0.01	0.00	0.9725	0.72	14.1%	-0.87	0.355	0.02	0.00	-0.01		
72.00	0.0125	0.02	5.6%	0.06	0.208	0.01	-0.01	0.00	1.2200	0.95	16.1%	-0.94	0.208	0.01	0.01	-0.01		
72.25	0.0075	0.01	6.2%	0.03	0.104	0.01	0.00	0.00	1.4550	1.18	17.6%	-0.97	0.104	0.01	0.01	-0.01		
72.50	0.0100	0.00	7.6%	0.01	0.044	0.00	0.00	0.00	1.7350	1.43	20.5%	-0.99	0.044	0.00	0.01	-0.01		
72.75	0.0075	0.00	8.3%	0.00	0.016	0.00	0.00	0.00	0.0000	1.68	0.0%	-1.00	0.016	0.00	0.01	-0.01		



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