

FX DAILY DOSSIER

February 24, 2020



KEY MARKET THEME

- The week started with risk-off note as Asian stocks and oil prices fell while gold gained on signs new coronavirus infections outside of China were accelerating.
- Dollar surged amid global growth fears caused by the coronavirus.
- South Korea raised its infectious disease alert to its highest level for the first time in a decade.

FX Majors	CMP	1W	1M
EURUSD	1.0825	-0.10%	-1.78%
GBPUSD	1.2937	-0.52%	-0.93%
USDJPY	111.53	1.51%	2.42%

FX Cross INR	CMP	1W	1M
USDINR	71.90	0.79%	0.64%
EURINR	77.86	0.69%	-1.11%
GBPINR	93.06	0.29%	-0.25%
JPYINR	64.49	-0.68%	-1.72%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.42%	0.90	-17.50
US	1.48%	-11.37	-21.29
Germany	-0.43%	-4.70	-21.86
UK	0.58%	-2.06	-8.40

Flows	DTD	WTD	MTD
FII's (INR Crs)	856.14	1,495.25	-1315.63

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

MACRO ANALYSIS

The week started with risk-off note as Asian stocks and oil prices fell while gold gained on signs new coronavirus infections outside of China were accelerating, raising concern over the outbreak's potential impact on the global economy. In early trading in Asia on Monday, the price of Brent, the international oil marker, fell 3.1 per cent to \$56.68 per barrel, while S&P 500 futures were down 1.3 per cent. The sell-off came after Italy at the weekend imposed a strict quarantine across at least 10 towns as authorities battled to contain the biggest outbreak of the deadly coronavirus outside of Asia. Officials said on Sunday that a third person in Italy had died from the virus, known as Covid-19, as the infection count rose to 152, fuelling fears over the disease's spread through Europe. On Sunday, South Korea raised its infectious disease alert to its highest level for the first time in a decade. Covid-19 has caused five deaths and more than 600 infections in Asia's fourth-largest economy, and President Moon Jae-in said the outbreak had reached a "crucial watershed". South Korea's Kospi equities index slumped 3 per cent on Monday morning, while the won fell 0.6 per cent against the dollar.

Meanwhile dollar surged amid global growth fears caused by the coronavirus. The greenback has gained more than 2 per cent against the two ultimate haven currencies, the Swiss franc and the Japanese yen, owing to the solidity of the US economy. Thursday US GDP figures to show growth of 2.1 per cent in the final three months of last year and say that unless signs of a slowing economy emerge, the greenback's rise can continue. The other side of the strong dollar is a weak euro. Poor economic data in the eurozone, coupled with coronavirus effects, have driven the currency to its weakest level in more than two and a half years. The Dollar index, which measures the greenback against a basket of peers including the euro, has gained 1.9 per cent over the past month alone.

ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
EUR German Ifo Business Climate	14:30	95.9	95	95



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PIVOT LEVELS

Currency	Day's Trend	Pivot	S1	S2	S3	R1	R2	R3
USD/INR (FEB)	POSITIVE	71.69	71.54	71.41	71.26	71.82	71.97	72.10
EUR/INR (FEB)	NEGATIVE	77.42	77.21	77.04	76.83	77.59	77.80	77.97
JPY/INR (FEB)	SIDEWAYS	64.33	63.52	63.08	62.27	64.77	65.58	66.02
GBP/INR (FEB)	NEGATIVE	92.40	91.98	91.71	91.29	92.66	93.09	93.35

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