

FX DAILY DOSSIER

May 26, 2020



KEY MARKET THEME

- Asian markets are turning positive after another leg of news of vaccine development take place.
- Chinese stimulus announcement of \$504bn lifted the Asian currencies sentiment.
- US have threatened to impose sanctions against China on Hongkong dispute.

FX Majors	CMP	1W	1M
EURUSD	1.0909	-0.14%	0.81%
GBPUSD	1.2210	-0.33%	-1.74%
USDJPY	107.92	0.21%	0.98%

FX Cross INR	CMP	1W	1M
USDINR	75.77	0.08%	-0.26%
EURINR	82.67	-0.03%	0.41%
GBPINR	92.50	-0.28%	-2.06%
JPYINR	70.23	-0.10%	-1.20%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	5.97%	-11.60	-17.70
US	0.66%	1.55	5.59
Germany	-0.50%	3.43	-2.43
UK	0.18%	-5.74	-11.49

Flows	DTD	WTD	MTD
FII (INR Crs)	-1353.90	-6,920.28	5718.25

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

MACRO ANALYSIS

Indian Rupee likely to open on a flat note amid markets are experiencing some positive development in developing vaccine news as well as announcement of Chinese stimulus announcement of \$504bn which will lead to wider fiscal deficit for the first time in history are making some headline impact on dollar-rupee pair. However we think rupee still have room to fall once we enter the month of June looking at fast rising cases of COVID-19 which further create chaos for policymakers. Earlier rupee was successfully managed not to fall below 76.00 sharply based on dollar flows hit the interbank market. For the day, we think 75.65 - 75.95 would be the range.

Meanwhile US have threatened to impose sanctions on Hong Kong and China if the law is implemented. China's foreign ministry spokesman Zhao Lijian said the country would respond if the US undermined its interests in Hong Kong. Taiwan may also revoke the special status it has granted to Hong Kong if the law is passed, which would make it harder for people from the territory to travel to the island and would likely anger Beijing. On the majors, euro & pound are trading slightly higher, however any upside rally will get capped especially in pound based on dark outlook of Brexit negotiations starting from 1st June.

ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
EUR ECB Financial Stability Review	18:30	-	-	-
USD CB Consumer Confidence	19:30	86.90	87.10%	87.00%



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PIVOT LEVELS

Currency	Day's Trend	Pivot	S1	S2	S3	R1	R2	R3
USD/INR	SIDEWAYS	75.84	75.67	75.43	75.26	76.08	76.25	76.49
EUR/INR	SIDEWAYS	82.85	82.58	82.39	82.11	83.04	83.32	83.51
JPY/INR	SIDEWAYS	70.48	70.30	69.98	69.79	70.80	70.99	71.31
GBP/INR	SIDEWAYS	92.48	92.34	92.18	92.04	92.64	92.78	92.94

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