

FX DAILY DOSSIER



February 26, 2021

KEY MARKET THEME

- Dollar firms on sudden spike in U.S. Treasury yields.
- Major Asia-Pacific markets drop more than 2% following overnight Wall Street plunge.
- The yen's decline came even amid a sell-off in stocks, as the surge in yields fomented inflation worries.

FX Majors	CMP	1W	1M
EURUSD	1.2161	0.34%	0.19%
GBPUSD	1.3992	-0.14%	2.06%
USDJPY	106.24	0.77%	1.49%

FX Cross INR	CMP	1W	1M
USDINR	72.97	0.57%	0.07%
EURINR	88.72	0.89%	0.24%
GBPINR	102.18	0.75%	2.07%
JPYINR	68.68	-0.21%	-1.41%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.24%	18.60	27.30
US	1.49%	28.09	40.44
Germany	-0.23%	19.58	28.13
UK	0.79%	26.61	47.58

Flows	DTD	WTD	MTD
FII (INR Crs)	188.08	26,395.63	50,339.63

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

MACRO ANALYSIS

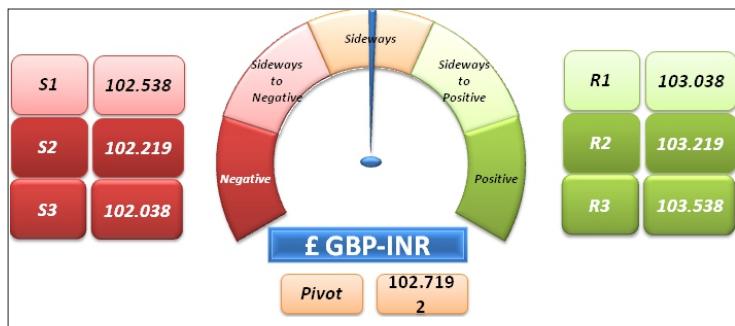
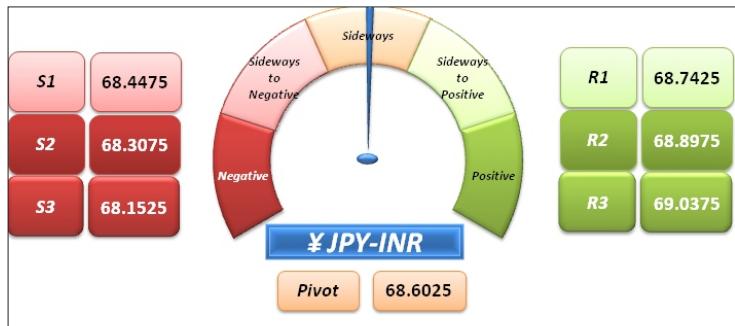
The dollar index lifted off a seven-week low on Thursday after yields on 10-year U.S. Treasuries jumped as high as 1.6% following weaker-than-expected bids in a U.S. government debt auction. The move was the latest example of currency markets taking their cue from bonds, which have been moving on the changing outlook for economic growth and inflation following unprecedented government stimulus and monetary easing along with increasing COVID-19 vaccinations.

The rise in bond yields, after adjusting for inflation, has accelerated in recent days, indicating a growing belief that central banks may begin to pare back ultra-loose policies, even as officials maintain a dovish rhetoric.

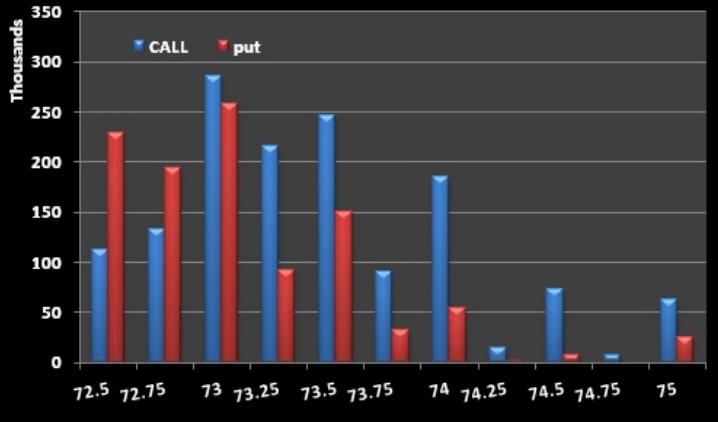
Data on Thursday showed that fewer Americans filed new claims for unemployment benefits last week amid falling COVID-19 infections. Federal Reserve Chair Jerome Powell reiterated on Wednesday that the U.S. central bank would not tighten its policy until the economy improves. Commodity-linked currencies, including the Australian, New Zealand and Canadian dollars, all hit three-year highs earlier in the day as their bond yields surged.

ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
USD Chicago PMI	20:15	63.8	61	61



USDINR Options Activity (Near Month)



USDINR OI Change (FTD)



USDINR Option Greek Data (Near Month)

26-Mar-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		
72.32	0.0000	1.82	0.0%	1.00	0.006	0.00	-0.01	0.01	0.0000	0.00	0.5%	0.00	0.006	0.00	0.00	0.00		
71.25	0.12450	1.57	0.0%	1.00	0.021	0.00	-0.01	0.01	0.0075	0.00	8.0%	0.00	0.021	0.00	0.00	0.00		
71.50	1.3200	1.32	5.2%	0.99	0.059	0.00	-0.01	0.01	0.0075	0.00	6.9%	-0.01	0.059	0.00	0.00	0.00		
72.00	0.7775	1.08	0.0%	0.96	0.135	0.01	-0.01	0.01	0.0150	0.01	6.6%	-0.04	0.135	0.01	0.00	0.00		
72.25	0.5550	0.84	0.0%	0.91	0.260	0.02	-0.02	0.01	0.0175	0.02	5.6%	-0.09	0.260	0.02	-0.01	0.00		
72.50	0.3450	0.63	0.0%	0.83	0.420	0.03	-0.02	0.01	0.0500	0.06	5.8%	-0.17	0.420	0.03	-0.01	0.00		
72.75	0.1750	0.43	0.0%	0.70	0.571	0.03	-0.02	0.01	0.1325	0.11	6.5%	-0.30	0.571	0.03	-0.01	0.00		
73.00	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		
73.25	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		
73.50	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		
73.75	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		
74.00	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		
74.25	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		
74.50	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		
74.75	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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