



# FX DAILY DOSSIER

February 20, 2020

## KEY MARKET THEME

- Japanese yen fell the most in 9 months against Dollar.
- JPY/INR likely to open lower by more than 1%.
- Dollar strengthens across the board weighing euro to fall below 1.0800 - lowest in two and half years.

FX Majors	CMP	1W	1M
EURUSD	1.0795	-0.44%	-2.35%
GBPUSD	1.2903	-1.07%	-1.68%
USDJPY	111.39	1.43%	1.74%

FX Cross INR	CMP	1W	1M
USDINR	71.60	0.38%	0.37%
EURINR	77.40	0.08%	-1.86%
GBPINR	92.54	-0.54%	-1.16%
JPYINR	64.27	-1.04%	-1.35%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.39%	-3.10	-23.60
US	1.57%	-1.66	-25.64
Germany	-0.42%	-3.34	-20.50
UK	0.60%	0.83	-5.51

Flows	DTD	WTD	MTD
FII (INR Crs)	-282.64	-178.17	-2810.88

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 weaker note as bid above 71.50 was strong enough to lift the pair higher. In the last few sessions, weakness in rupee was overlooked amid high carry trade helped the domestic unit along with corporate dollar flows. Indeed rupee alone cannot hold its ground in Asia as its pairs are falling substantially amid on-going epidemic crisis. Meanwhile Chinese Central Bank trimmed one year Prime Lending Rate by 10 bps and five year by 5 bps. Chinese Yuan and its catch-up currency are weighing including Indian Rupee, Australian Dollar and other Asia peers.

On a bit of surprising note, Japanese Yen fell the most in nine months against US Dollar undermining the modest safe heaven appeal. Strong US economic data and falter in Japanese recent quarterly GDP which hit five year low helped the USD/JPY pair to catch the differential growth. Although we think such surge in dollar against yen will not hold last as US Treasury yields likely to fall further based on dollar flows into treasury securities. In today's session we may see a plunge of over one percent in JPY/INR pair but gradually we think the fall in this pair will reverse in the days to come.

Additionally health authorities in China reported 114 new deaths from corona virus to the end of Wednesday, taking the total to 2,118 in the mainland. There were 394 new cases of the virus following the removal of 279 cases originally given a clinical diagnosis of corona virus after laboratory tests came back negative. Wednesday's figures represented a sharp drop from the previous day's tally of 1,749 new cases, although markets are still assessing the depth of under reporting by Chinese officials.

## ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
GBP Retail Sales m/m	15:00	-0.60%	0.70%	-0.60%
EUR ECB Monetary Policy Meeting Accounts	18:00	-	-	-

## PIVOT LEVELS

Currency	Day's Trend	Pivot	S1	S2	S3	R1	R2	R3
USD/INR (FEB)	POSITIVE	71.52	71.44	71.33	71.25	71.63	71.70	71.82
EUR/INR (FEB)	SIDEWAYS	77.53	77.46	77.34	77.27	77.65	77.72	77.84
JPY/INR (FEB)	NEGATIVE	65.21	65.13	65.02	64.94	65.33	65.41	65.52
GBP/INR (FEB)	NEGATIVE	93.14	92.93	92.58	92.37	93.49	93.69	94.05

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