



FX DAILY DOSSIER

October 26, 2020

KEY MARKET THEME

- Latest RBI's MPC meeting minutes triggered rupee to fall below 73.70.
- Bihar election may add positive momentum in domestic equities and modest optimism in rupee as well.
- Biden's win will bring optimism in emerging currencies including Indian rupee.

FX Majors	CMP	1W	1M
EURUSD	1.1838	0.56%	1.47%
GBPUSD	1.3031	0.65%	1.53%
USDJPY	104.86	-0.54%	-0.60%

FX Cross INR	CMP	1W	1M
USDINR	73.83	0.65%	0.09%
EURINR	87.39	1.21%	1.54%
GBPINR	96.22	1.32%	1.64%
JPYINR	70.41	1.19%	0.69%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	5.92%	-2.20	-9.40
US	0.86%	8.03	15.62
Germany	-0.57%	-4.51	-8.57

Flows	DTD	WTD	MTD
FII's (INR Crs)	906.93	6,963.18	13,564.74

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

MACRO ANALYSIS

Indian Rupee likely to open lower and may fall below one month low of 73.85 amid RBI's latest MPC meeting minutes revealed that policymakers will keep the rates lower for long despite higher inflation and expressed concerns over the economic recovery in coming quarters. One of the MPC members said that "Empirical evidence suggests that consumption-led recoveries are shallow and short-lived".

Meanwhile the Bihar election is about to kick start this week which will be the first election since the outbreak of covid in India, and certainly polls are suggesting that NDA will form the government, although it will not be much reactive in currency space but going forward sentiment from political front remains positive for ruling party in India. Additionally Bihar has been one of the states to implement labor reforms and thus clean sweep victory of coalition will lead a positive momentum in domestic equities and some sort of reflection can be seen in rupee.

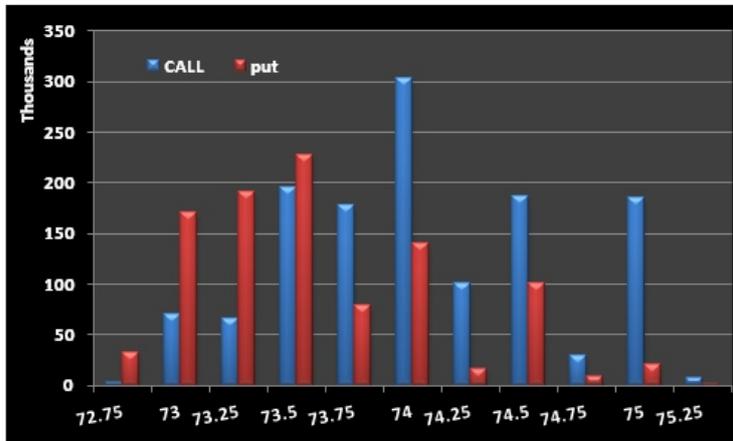
Rising expectations for Joe Biden winning the US election are guiding the emerging-market currencies. On expectations of pro-China policy led Yuan to rise over 2% as well as severe sell-off in Turkish Lira and Russian currency. As the polls have shifted further in favor of the Democratic challenger over the past month and a half, emerging-world currencies joined a global rally in riskier currencies. We think rupee likely to follow the emerging currencies space if Biden gets the winning vote.

ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
USD New Home Sales	19:30	1011K	1025K	1025K



USDINR Options Activity (Near Month)



USDINR OI Change (FTD)



USDINR Option Greek Data (Near Month)

27-Oct-20	CALL				Option Greeks					PUT			Option Greeks				
73.83	MKT_PRICE	Theoretical	IV	DELTA	GAMMA	VEGA	THETA	RHO	MKT_PRICE	Theoretical	IV	DELTA	GAMMA	VEGA	THETA	RHO	
72.00	1.6450	1.84	0.0%	1.00	0.000	0.00	-0.01	0.00	0.0025	0.00	20.5%	0.00	0.000	0.00	0.00	0.00	
72.25	1.1775	1.59	0.0%	1.00	0.000	0.00	-0.01	0.00	0.0025	0.00	18.1%	0.00	0.000	0.00	0.00	0.00	
72.50	1.1550	1.34	0.0%	1.00	0.001	0.00	-0.01	0.00	0.0025	0.00	15.5%	0.00	0.001	0.00	0.00	0.00	
72.75	0.8975	1.09	0.0%	1.00	0.008	0.00	-0.01	0.00	0.0050	0.00	14.4%	0.00	0.008	0.00	0.00	0.00	
73.00	0.6575	0.84	0.0%	0.99	0.059	0.00	-0.01	0.00	0.0050	0.00	11.6%	-0.01	0.059	0.00	0.00	0.00	
73.25	0.4100	0.60	0.0%	0.96	0.267	0.00	-0.03	0.00	0.0075	0.01	9.3%	-0.04	0.267	0.00	-0.02	0.00	
73.50	0.1950	0.37	0.0%	0.84	0.706	0.01	-0.05	0.00	0.0450	0.03	10.5%	-0.16	0.706	0.01	-0.04	0.00	
73.75	0.0575	0.19	0.0%	0.60	1.107	0.01	-0.07	0.00	0.1575	0.10	13.0%	-0.40	1.107	0.01	-0.06	0.00	
74.00	0.0225	0.07	5.0%	0.33	1.034	0.014	-0.07	0.00	0.3650	0.23	18.0%	-0.67	1.034	0.01	-0.06	0.00	
74.25	0.0100	0.02	7.4%	0.12	0.579	0.01	-0.04	0.00	0.6150	0.43	24.3%	-0.88	0.579	0.01	-0.03	0.00	
74.50	0.0050	0.00	9.3%	0.03	0.195	0.00	-0.01	0.00	0.8625	0.66	29.7%	-0.97	0.195	0.00	0.00	0.00	
74.75	0.0050	0.00	12.2%	0.00	0.040	0.00	0.00	0.00	1.1625	0.91	38.8%	-1.00	0.040	0.00	0.01	0.00	
75.00	0.0050	0.00	14.9%	0.00	0.005	0.00	0.00	0.00	1.3600	1.16	39.5%	-1.00	0.005	0.00	0.01	0.00	
75.25	0.0050	0.00	17.6%	0.00	0.000	0.00	0.00	0.00	1.6000	1.41	43.3%	-1.00	0.000	0.00	0.01	0.00	
75.50	0.0050	0.00	20.1%	0.00	0.000	0.00	0.00	0.00	1.8550	1.66	48.2%	-1.00	0.000	0.00	0.01	0.00	

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