



FX DAILY DOSSIER

April 21, 2020

KEY MARKET THEME

- USD/INR likely to bid above 76.70 in early hours taking cues from global risk-aversion.
- Overnight WTI May contracts plunged over 300% which highlights the severity of demand.
- FED continues to lift the market sentiment in-check.

FX Majors	CMP	1W	1M
EURUSD	1.0831	-1.37%	0.40%
GBPUSD	1.2403	-1.74%	5.49%
USDJPY	107.73	0.48%	-3.14%

FX Cross INR	CMP	1W	1M
USDINR	76.68	0.87%	0.39%
EURINR	83.03	-0.53%	0.73%
GBPINR	95.11	-0.89%	5.86%
JPYINR	71.18	0.39%	3.65%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.22%	-28.60	-12.50
US	0.61%	-11.78	-24.28
Germany	-0.45%	-10.33	-12.95
UK	0.34%	3.07	-22.64

Flows	DTD	WTD	MTD
FII's (INR Crs)	-265.89	-3,218.92	-3117.62

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

MACRO ANALYSIS

Indian rupee continues to bid as risk-off in the wake of great shutdown deepens further. However losses below 76.70 got capped due to futures arbitrage. In early hours, USD/INR likely to trade above 76.70 taking cues from deep sell-off in US benchmark oil (WTI) which highlights the severity of demand. Yesterday the WTI May contracts settled at -\$35 plunged by more than 300%.

Technically, Oil that is scheduled to be delivered in June fell over 12 percent on Monday to about \$22 a barrel, but at the same time a benchmark for oil to be delivered next month was essentially deemed to be worthless. Owing largely to a quirk in the way that oil prices are set, the May benchmark actually fell into negative territory, suggesting people who had oil to sell were willing to pay people to take it off their hands.

As FED continue to acts as Last Resort to prevent the economic fallout, purchasing US Treasury and further into junk bonds helped to keep the sentiment in-check. As the crisis develops over the next few months, however, we suspect the Fed will continue to reduce the pace of its Treasury securities purchases. Under such conditions, Forex pairs will not experience wild swings as markets are expecting.

ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
GBP Claimant Count Change	11:30	17.3K	170.0K	170.0K

PIVOT LEVELS

Currency	Day's Trend	Pivot	S1	S2	S3	R1	R2	R3
USD/INR	POSITIVE	76.61	76.45	76.28	76.12	76.78	76.94	77.12
EUR/INR	SIDEWAYS	83.17	82.99	82.83	82.65	83.33	83.51	83.67
JPY/INR	POSITIVE	71.02	70.89	70.72	70.58	71.19	71.33	71.50
GBP/INR	SIDEWAYS	95.42	95.25	95.09	94.93	95.58	95.74	95.90

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