



# FX DAILY DOSSIER

March 23, 2020

## KEY MARKET THEME

- Early Asian markets plunged further after various governments ordered for self-isolation.
- USD/INR likely to surpass 76.50 in the coming days amid outbreak outflows.
- German Chancellor Angela Merkel gone into self-quarantine.

FX Majors	CMP	1W	1M
EURUSD	1.0711	-4.21%	-1.34%
GBPUSD	1.1632	-5.21%	-10.04%
USDJPY	110.16	4.03%	-0.50%

FX Cross INR	CMP	1W	1M
USDINR	75.37	185.00%	4.78%
EURINR	80.73	-2.18%	3.71%
GBPINR	87.71	-2.81%	-5.48%
JPYINR	68.41	-2.11%	5.29%

Global Yields	10Y-Yield	1W(bps)	1M(bps)
India	6.25%	-6.40	-17.20
US	0.81%	-17.11	-66.44
Germany	-0.32%	39.12	7.77
UK	0.56%	32.50	-8.78

Flows	DTD	WTD	MTD
FII's (INR Crs)	-3345.95	-3,345.95	-51243.15

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

## MACRO ANALYSIS

In the wake of outbreak crisis in Indian soil weigh the sentiment in Indian rupee on offshore platform weakening past 75.30 in early Asian trade. We are expecting on-shore rupee to fall below 76.50 in the coming days as capital of India will remain stranded for few days and that will trigger FIIs reverse back their flows from G-secs bonds apart from intense outflows in equities. Apart from partial lock-down in most of the metro cities in India, the discovery of 12 confirmed cases in Bhilwara, a town in the state of Rajasthan with a population of about 400,000, has underlined how the pathogen has spread to the country's vast hinterland, where weak medical infrastructure could quickly be overwhelmed by a crisis.

Experts fear that India has under-estimated the rate of infection by limiting diagnostic testing. The world's second-largest country has tested fewer than 20,000 people as of Sunday, far below the 160,000 that Germany is testing weekly. South Korea, which is conducting 15,000 tests daily, has been held up as an example of a country that has managed to get the outbreak under control.

Meanwhile the largest euro zone economy Germany's chancellor, Angela Merkel has gone into self-quarantine after coming into contact with a doctor infected with corona virus, on the same day she unveiled sweeping curbs on social contact designed to slow the spread of the disease which market will assess the risk will escalate in Germany after turmoil in Italy and Spain. Euro likely to suffer as on-going media talks for a possible breakdown of euro zone will bring negative consequences in bloc currency.

## ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
EUR Consumer Confidence	20:30	-7	-14	-14

## PIVOT LEVELS

Currency	Day's Trend	Pivot	S1	S2	S3	R1	R2	R3
USD/INR (MAR)	POSITIVE	75.09	74.93	74.64	74.48	75.37	75.53	75.82
EUR/INR (MAR)	SIDEWAYS	80.69	80.27	79.92	79.51	81.04	81.45	81.80
JPY/INR (MAR)	POSITIVE	68.26	68.00	67.66	67.40	68.60	68.86	69.20
GBP/INR (MAR)	SIDEWAYS	88.28	87.34	86.13	85.19	89.50	90.44	91.65

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