



FX DAILY DOSSIER

March 04, 2021

KEY MARKET THEME

- Rupee likely to open on red zone as rising yields once again prompted sell-off in global equities.
- We think rising yields scenarios are likely to be priced-in in the markets in coming days.
- Sterling remains supported after the UK Budget proved to be fiscal aided.

FX Majors	CMP	1W	1M
EURUSD	1.2053	-1.01%	0.75%
GBPUSD	1.3938	-0.52%	1.95%
USDJPY	107.08	0.79%	1.46%

FX Cross INR	CMP	1W	1M
USDINR	73.02	-0.17%	0.10%
EURINR	88.01	-1.16%	0.86%
GBPINR	101.76	-0.69%	2.04%
JPYINR	68.18	-0.95%	-1.34%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.33%	19.50	37.20
US	1.49%	14.55	42.14
Germany	-0.29%	1.96	22.89
UK	0.78%	8.09	45.09

Flows	DTD	WTD	MTD
FII's (INR Crs)	2,088.70	4,437.01	4,437.01

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

MACRO ANALYSIS

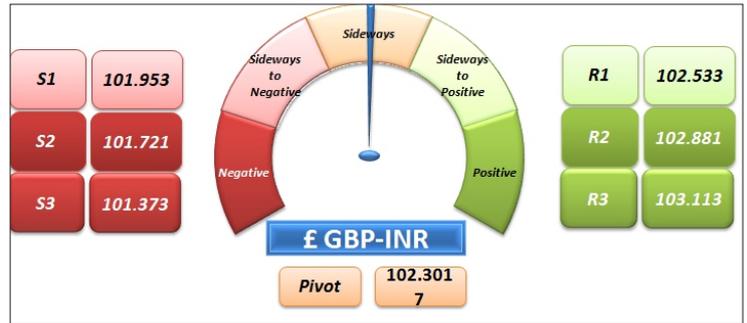
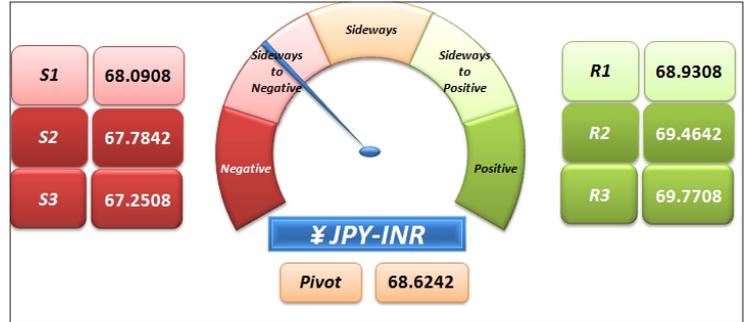
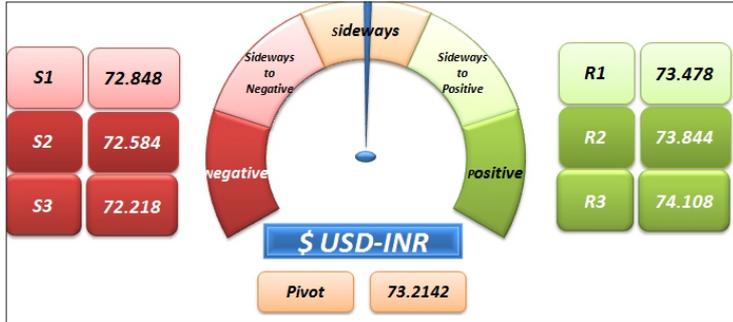
Indian Rupee likely to open lower backed by further rise in US bond yields. The yield on the 10-year US Treasury bond, which acts as a benchmark for global borrowing costs, climbed to nearly 1.5 per cent at one point. We think the volatility will continue in currency space but gradually markets will price-in the higher yield scenario.

Additionally The US Senate has begun considering President Joe Biden's \$1.9tn stimulus package, with analysts predicting that the enormous amount of fiscal spending will boost not only economic growth but also consumer prices. The five-year break-even rate — a measure of investors' medium-term inflation expectations — hit 2.5 per cent on Wednesday for the first time since 2008 as mentioned in FT.

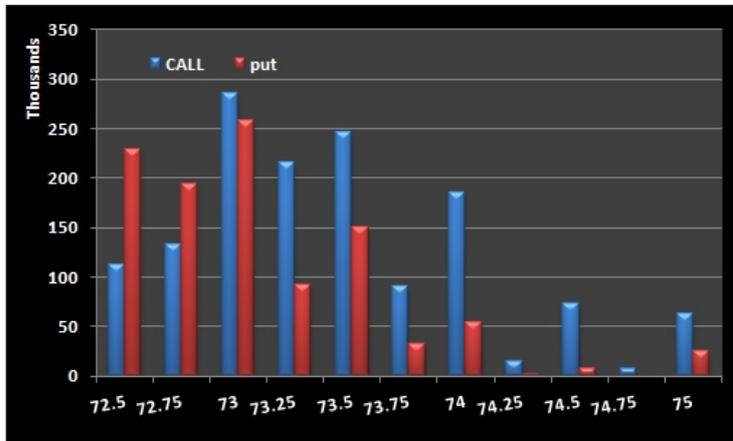
On the major's side, sterling remains supportive after the UK budget proved to be fiscal expansionary as well as broad tax cut theme will support pound in coming days. Later in the day, US Fed chair will speak. Any comments about rising yields will give more clarity on dollar index move.

ECONOMIC DATA

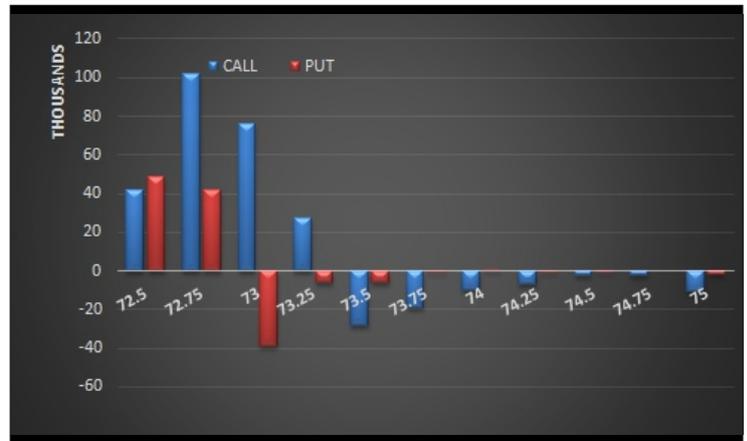
	IST	Previous	Median	SMC's Forecast
USD Fed Chair Powell Speaks	22:35			
ALL OPEC-JMMC Meetings	All Day			



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	
71.25	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	
71.50	1.2450	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	
71.75	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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