



FX DAILY DOSSIER

October 09, 2020

KEY MARKET THEME

- RBI likely to keep rates on hold.
- USDINR may remain in the range of 72.80 -73.40 after the announcement.
- Bonds prices may move higher amid RBI ongoing accommodative stance.

FX Majors	CMP	1W	1M
EURUSD	1.1771	0.45%	-0.65%
GBPUSD	1.2953	0.15%	1.23%
USDJPY	105.86	0.52%	-0.29%

FX Cross INR	CMP	1W	1M
USDINR	73.19	-0.22%	-0.40%
EURINR	86.16	0.26%	-1.03%
GBPINR	94.79	-0.08%	0.82%
JPYINR	69.14	-0.73%	-0.11%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.02%	-2.10	8.20
US	0.78%	11.93	5.57
Germany	-0.52%	0.61	-5.31
UK	0.29%	9.88	2.45

Flows	DTD	WTD	MTD
FII's (INR Crs)	978.37	5,042.90	5,042.90

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

MACRO ANALYSIS

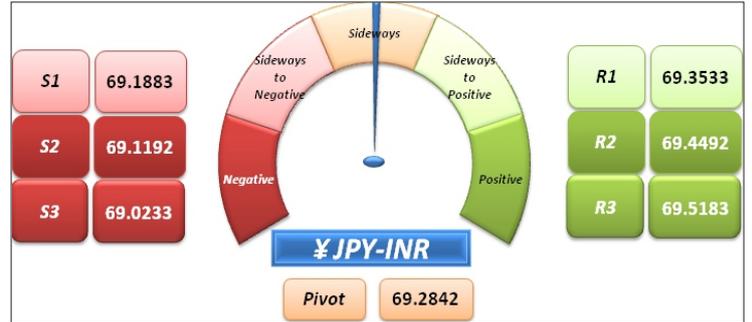
Indian Rupee likely to remain steady before RBI roll-out its latest monetary stance. So far markets are pricing for no-rate cut based on elevated headline inflation over the last few months. However bond markets will look for RBI stance closely and for any possible outright OMO announcements. We are on view that Rupee may move in a range of 72.80 - 73.40 (spot) post the announcement.

Meanwhile we think that MPC members will keep the rates on hold but we remain supportive for rate cuts over the coming months. Admittedly economic releases notably September activity data given a modest break-through but India's covid cases are still higher and economic recovery still remains fragile apparently. Moreover September CPI print due to release next Monday may hit near to 7% amid rise in food prices may push RBI not to comment aggressively on the easing cycle.

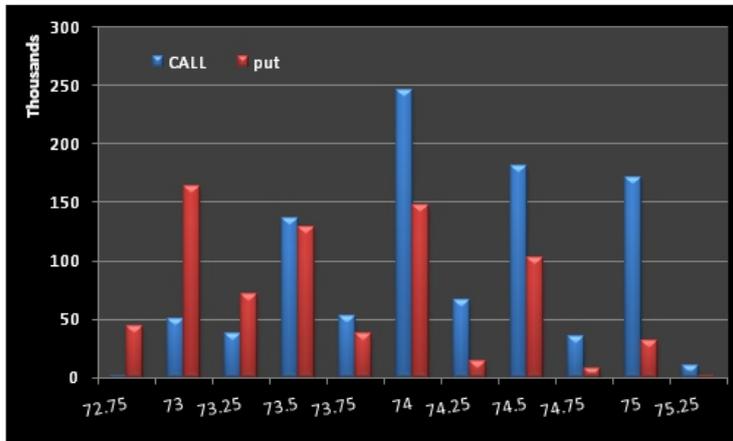
On the bond front, benchmark yield hovering above 6% may drift lower post September inflation number as market participants may emphasize more on core-inflation. Ahead of gilt auctions today for which RBI has extended window till 4 PM may boost the benchmark paper 5.77%, 2030 based on the recent RBI steps to transfer the entire notified amount of the benchmark in last three auctions.

ECONOMIC DATA

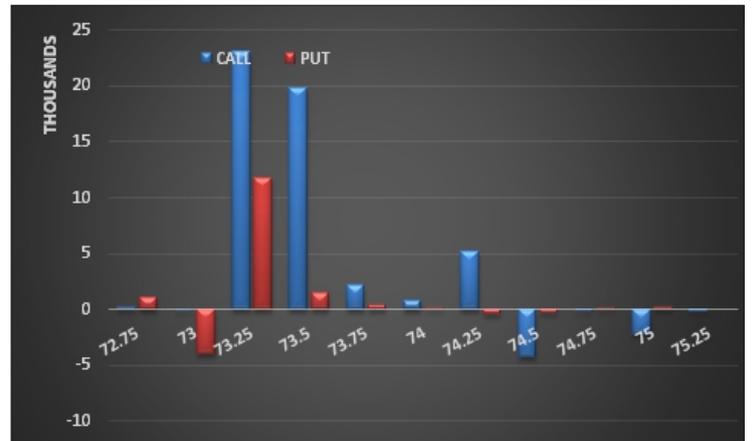
	IST	Previous	Median	SMC's Forecast
INR RBI Interest Rate Decision	11:45	4%	4%	4%



USDINR Options Activity (Near Month)



USDINR OI Change (FTD)



USDINR Option Greek Data (Near Month)

27-Oct-20	CALL				Option Greeks					PUT				Option Greeks				
	MKT_PRICE	Theoretical	IV	DELTA	GAMMA	VEGA	THETA	RHO	MKT_PRICE	Theoretical	IV	DELTA	GAMMA	VEGA	THETA	RHO		
71.50	1.8400	2.06	0.0%	0.99	0.018	0.00	-0.01	0.03	0.0100	0.00	6.5%	-0.01	0.018	0.00	0.00	0.00		
71.75	1.5775	1.81	0.0%	0.99	0.039	0.01	-0.01	0.03	0.0150	0.00	6.3%	-0.01	0.039	0.01	0.00	0.00		
72.00	1.3925	1.56	0.0%	0.97	0.075	0.01	-0.01	0.03	0.0250	0.01	6.2%	-0.03	0.075	0.01	0.00	0.00		
72.25	1.4075	1.32	7.9%	0.95	0.131	0.02	-0.01	0.03	0.0425	0.02	6.1%	-0.05	0.131	0.02	0.00	0.00		
72.50	0.9350	1.09	0.0%	0.91	0.207	0.03	-0.01	0.03	0.0700	0.04	6.1%	-0.09	0.207	0.03	0.00	0.00		
72.75	0.7475	0.88	0.0%	0.84	0.297	0.04	-0.01	0.03	0.1175	0.07	6.1%	-0.16	0.297	0.04	0.00	-0.01		
73.00	0.5575	0.68	0.0%	0.76	0.385	0.05	-0.02	0.03	0.1900	0.12	6.3%	-0.24	0.385	0.05	0.00	-0.01		
73.25	0.4175	0.50	3.6%	0.65	0.455	0.06	-0.02	0.02	0.3000	0.19	6.7%	-0.35	0.455	0.06	0.00	-0.01		
73.50	0.3000	0.36	4.1%	0.53	0.488	0.065	-0.01	0.02	0.4325	0.30	7.1%	-0.47	0.488	0.06	0.00	-0.02		
73.75	0.2150	0.24	4.6%	0.41	0.477	0.06	-0.01	0.01	0.5975	0.43	7.6%	-0.59	0.477	0.06	0.00	-0.02		
74.00	0.1550	0.15	5.0%	0.30	0.425	0.06	-0.01	0.01	0.7875	0.59	8.3%	-0.70	0.425	0.06	0.00	-0.03		
74.25	0.1075	0.09	5.3%	0.20	0.345	0.05	-0.01	0.01	0.9900	0.78	8.9%	-0.80	0.345	0.05	0.00	-0.03		
74.50	0.0800	0.05	5.8%	0.13	0.256	0.03	-0.01	0.00	1.2050	0.99	9.6%	-0.87	0.256	0.03	0.01	-0.03		
74.75	0.0600	0.03	6.2%	0.07	0.174	0.02	0.00	0.00	1.4325	1.21	10.4%	-0.93	0.174	0.02	0.01	-0.03		
75.00	0.0450	0.01	6.5%	0.04	0.108	0.01	0.00	0.00	1.6625	1.45	11.1%	-0.96	0.108	0.01	0.01	-0.04		

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