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FX DAILY DOSSIER

January 08, 2021

KEY MARKET THEME

- Dollar downtrend takes breather amid higher yields as jobs report looms.
- Fed sees rising bond yields, inflation expectations as a possible win.
- Oil traders continued to focus on Saudi Arabia's pledge to deepen production cuts.

FX Majors	CMP	1W	1M
EURUSD	1.2250	0.28%	1.14%
GBPUSD	1.3555	-0.86%	2.48%
USDJPY	103.88	0.62%	-0.13%

FX Cross INR	CMP	1W	1M
USDINR	73.44	0.47%	-0.41%
EURINR	89.95	1.06%	0.72%
GBPINR	99.53	-0.41%	2.05%
JPYINR	70.70	-0.15%	-0.29%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	5.89%	-8.40	-0.80
US	1.10%	16.27	12.58
Germany	-0.55%	-0.60	-0.86
UK	0.29%	-1.07	-10.83

Flows	DTD	WTD	MTD
FIIs (INR Crs)	382.30	3,234.39	3,234.39

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

MACRO ANALYSIS

The dollar held on to its biggest gain in more than two months against major peers on Friday as a rise in U.S. yields triggered some unwinding of bearish bets on the currency. Democrats won effective control of the Senate this week, giving President-elect Joe Biden scope to push through more spending, which analysts say will be negative for bonds and the dollar. The benchmark 10-year Treasury yield topped 1% on Wednesday for the first time since March.

Investors now await U.S. nonfarm payrolls later on Friday for clues on whether significantly more stimulus will be needed to keep the economic recovery alive. U.S. government officials have begun weighing removing President Donald Trump from office before President-Elect Joe Biden's inauguration date of Jan. 20 after he incited a violent riot against at the U.S. Capitol building.

A recent rise in U.S. bond yields and market inflation expectations have bolstered Federal Reserve officials' hopes the central bank's new monetary policy approach is taking hold and could be further buoyed if a Democratic-led Congress rolls out more spending.

ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
USD Unemployment Rate	19:00	6.70%	6.80%	6.80%
USD Average Hourly Earnings m/m	19:00	0.30%	0.20%	0.20%

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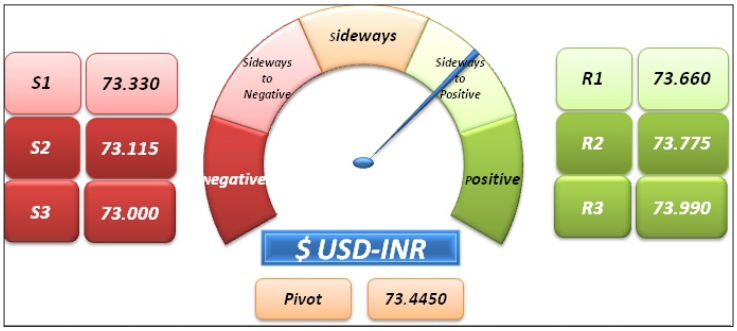
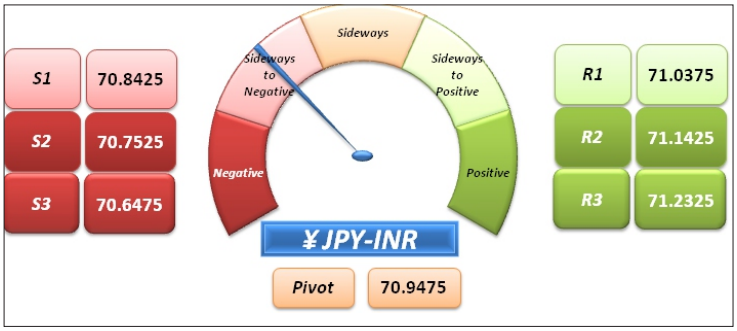
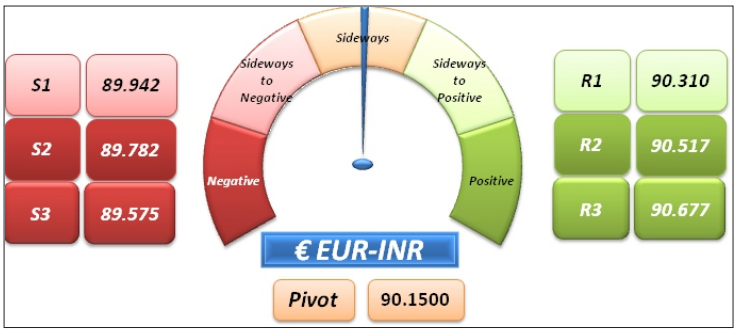
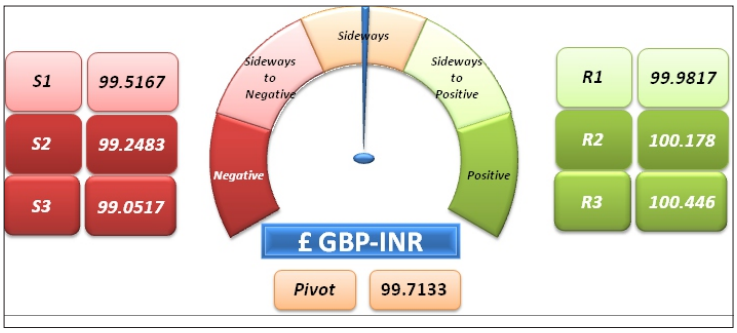
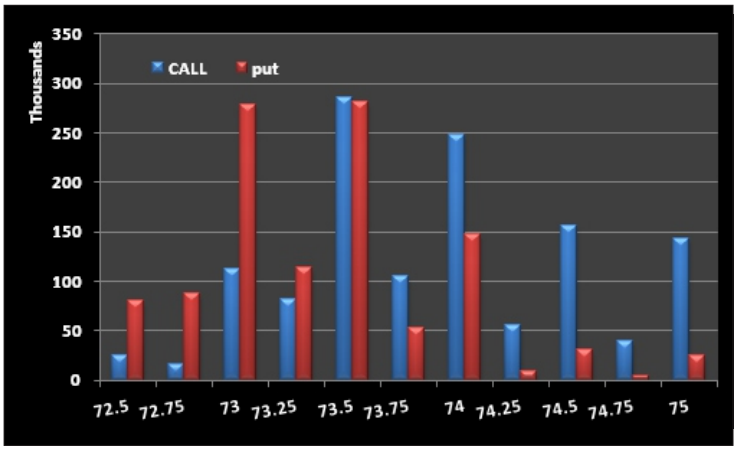




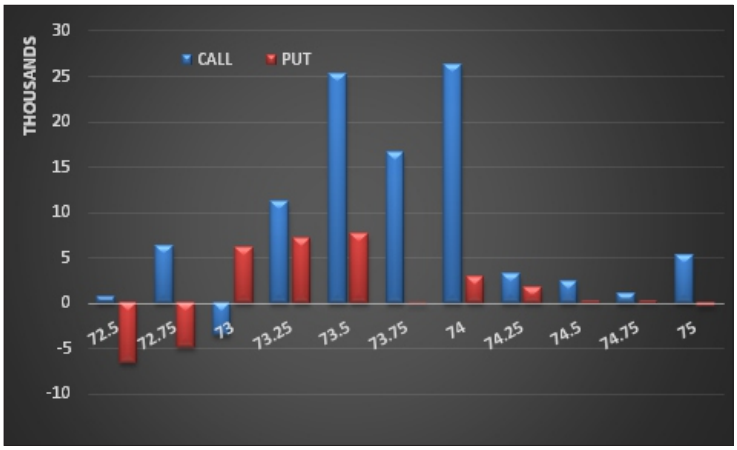




USDINR Options Activity (Near Month)



USDINR OI Change (FTD)



USDINR Option Greek Data (Near Month)

27-Jan-21	CALL			Option Greeks					PUT			Option Greeks				
73.44	MKT_PRICE	Theoretical	IV	DELTA	GAMMA	VEGA	THETA	RHO	MKT_PRICE	Theoretical	IV	DELTA	GAMMA	VEGA	THETA	RHO
71.75	1.4625	1.91	0.0%	0.97	0.062	0.01	-0.01	0.04	0.0150	0.01	6.4%	-0.03	0.062	0.01	0.00	0.00
72.00	1.5500	1.67	0.0%	0.95	0.098	0.02	-0.01	0.04	0.0125	0.02	5.5%	-0.05	0.098	0.02	0.00	0.00
72.25	1.0400	1.44	0.0%	0.92	0.145	0.02	-0.01	0.03	0.0225	0.04	5.4%	-0.08	0.145	0.02	0.00	0.00
72.50	1.0625	1.22	0.0%	0.88	0.201	0.03	-0.02	0.03	0.0325	0.06	5.1%	-0.12	0.201	0.03	0.00	0.00
72.75	0.8425	1.01	0.0%	0.82	0.261	0.04	-0.02	0.03	0.0625	0.10	5.1%	-0.18	0.261	0.04	0.00	-0.01
73.00	0.6500	0.81	0.0%	0.75	0.318	0.05	-0.02	0.03	0.1100	0.15	5.2%	-0.25	0.318	0.05	-0.01	-0.01
73.25	0.4800	0.64	3.3%	0.66	0.364	0.06	-0.02	0.02	0.1900	0.23	5.4%	-0.34	0.364	0.06	-0.01	-0.01
73.50	0.3425	0.49	3.8%	0.57	0.391	0.07	-0.02	0.02	0.3000	0.33	5.6%	-0.43	0.391	0.07	-0.01	-0.02
73.75	0.2375	0.36	4.2%	0.47	0.395	0.067	-0.02	0.02	0.4450	0.45	6.0%	-0.53	0.395	0.07	0.00	-0.02
74.00	0.1500	0.26	4.3%	0.37	0.376	0.06	-0.01	0.01	0.6100	0.59	6.3%	-0.63	0.376	0.06	0.00	-0.02
74.25	0.1000	0.18	4.6%	0.28	0.336	0.06	-0.01	0.01	0.8175	0.76	6.9%	-0.72	0.336	0.06	0.00	-0.03
74.50	0.0750	0.12	5.1%	0.21	0.283	0.05	-0.01	0.01	1.0425	0.95	7.7%	-0.79	0.283	0.05	0.00	-0.03
74.75	0.0525	0.07	5.4%	0.14	0.225	0.04	-0.01	0.01	1.3300	1.16	9.6%	-0.86	0.225	0.04	0.00	-0.03
75.00	0.0425	0.04	5.9%	0.10	0.168	0.03	-0.01	0.00	1.4800	1.38	8.7%	-0.90	0.168	0.03	0.01	-0.04
75.25	0.0325	0.03	6.3%	0.06	0.119	0.02	0.00	0.00	1.9225	1.61	13.6%	-0.94	0.119	0.02	0.01	-0.04

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