



# FX DAILY DOSSIER

January 15, 2021

## KEY MARKET THEME

- Indian Rupee headed for an another weekly gains amid soft dollar move globally.
- Joe Biden proposed for \$1.9 trillion fiscal stimulus package to support the US economy.
- We don't think the latest stimulus will push the US 10- year yield higher which can drive dollar upwards aggressively.

FX Majors	CMP	1W	1M
EURUSD	1.2168	-0.83%	-0.83%
GBPUSD	1.3649	0.63%	0.49%
USDJPY	103.83	0.01%	0.71%

FX Cross INR	CMP	1W	1M
USDINR	73.07	-0.39%	0.70%
EURINR	88.76	-0.99%	-1.60%
GBPINR	99.96	0.48%	0.43%
JPYINR	70.42	-0.19%	-1.12%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	5.93%	2.60	-3.40
US	1.11%	19.17	21.34
Germany	-0.55%	2.48	8.70
UK	0.29%	9.37	12.07

Flows	DTD	WTD	MTD
FII's (INR Crs)	1,076.62	10,053.69	15,930.27

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

## MACRO ANALYSIS

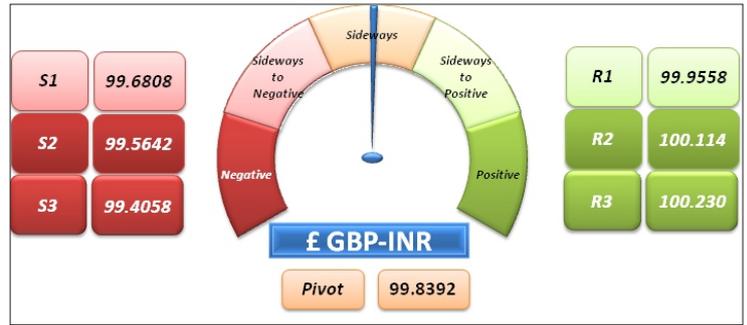
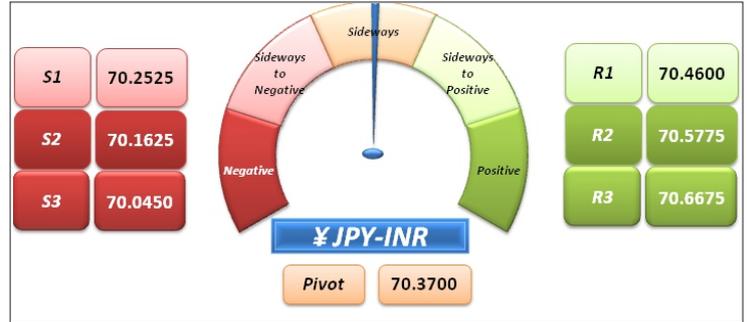
The US dollar against rupee trading on a weaker note in early Asia. Recently some profit taking on short dollar positions help the greenback as did news of additional stimulus. However with the fresh proposed US stimulus plan of \$1.9 trillions by Joe Biden was pretty much discounted now. We think for the day, RBI may try to prevent sharp rally in rupee beyond 73.00 on spot.

Joe Biden proposed on a new \$1.9tn economic rescue plan before entering into the White House. Admittedly the package was broadly in-line with consensus and going forward we don't think it has a material impact in US 10 year yield. However we do support for a higher inflation in US amid direct cash injection into the household but not merely supportive for US Dollar in coming weeks.

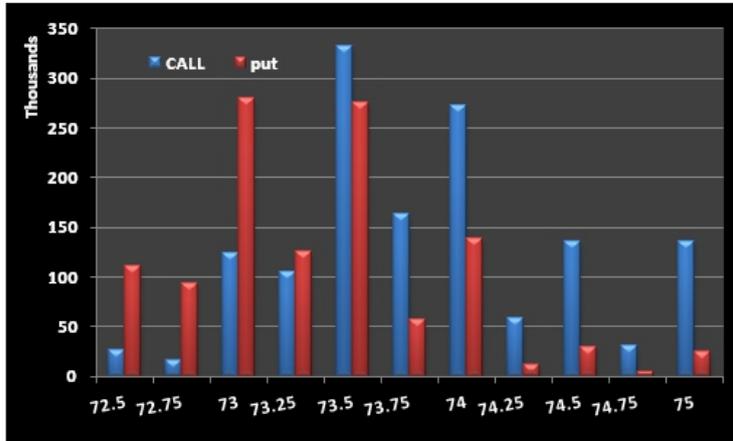
Meanwhile the pound slightly lost ground vs the dollar on overall dollar strength. Additionally there is significant selling pressure coming-in whenever the pound approaches 1.37. While the euro is trading at its weakest levels in a month vs. the US dollar. Political disruption in Italy added some uncertainty to the eurozone economy after a small political party pulled out from the ruling coalition.

## ECONOMIC DATA

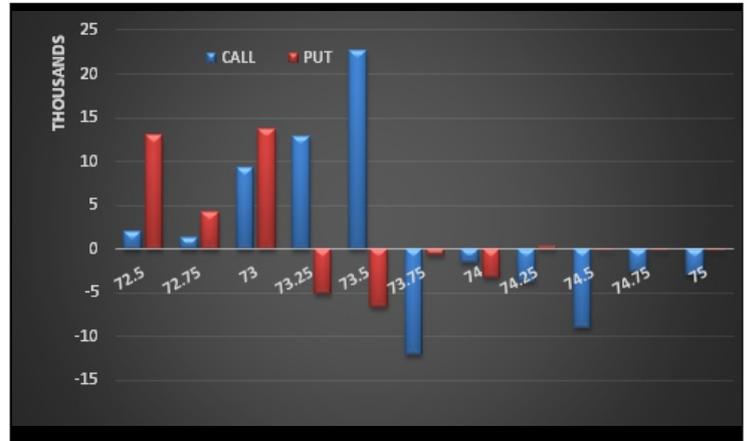
	IST	Previous	Median	SMC's Forecast
USD Core Retail Sales m/m	19:00	-0.90%	-0.10%	-0.10%
USD Retail Sales m/m	19:00	-1.10%	0.00%	0.00%



USDINR Options Activity (Near Month)



USDINR OI Change (FTD)



USDINR Option Greek Data (Near Month)

27-Jan-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	2.00	0.0%	0.99	0.020	0.00	-0.01	0.02	0.0000	0.00	0.4%	-0.01	0.020	0.00	0.00	0.00		
71.50	1.6400	1.75	0.0%	0.99	0.042	0.00	-0.01	0.02	0.0050	0.00	6.3%	-0.01	0.042	0.00	0.00	0.00		
71.75	1.7100	1.50	14.0%	0.97	0.082	0.01	-0.01	0.02	0.0025	0.01	5.0%	-0.03	0.082	0.01	0.00	0.00		
72.00	1.1600	1.27	0.0%	0.94	0.143	0.02	-0.01	0.02	0.0075	0.02	5.0%	-0.06	0.143	0.02	0.00	0.00		
72.25	0.8225	1.04	0.0%	0.90	0.225	0.02	-0.02	0.02	0.0150	0.04	4.8%	-0.10	0.225	0.02	0.00	0.00		
72.50	0.6825	0.82	0.0%	0.83	0.320	0.03	-0.02	0.02	0.0300	0.07	4.5%	-0.17	0.320	0.03	-0.01	0.00		
72.75	0.4550	0.63	0.0%	0.74	0.411	0.04	-0.02	0.02	0.0575	0.13	4.2%	-0.26	0.411	0.04	-0.01	-0.01		
73.00	0.3000	0.46	2.7%	0.62	0.477	0.05	-0.02	0.01	0.1425	0.21	4.7%	-0.38	0.477	0.05	-0.01	-0.01		
73.25	0.1750	0.32	3.3%	0.50	0.502	0.053	-0.02	0.01	0.2775	0.32	5.2%	-0.50	0.502	0.05	-0.01	-0.01		
73.50	0.1000	0.21	3.8%	0.38	0.478	0.05	-0.02	0.01	0.4500	0.46	5.8%	-0.62	0.478	0.05	-0.01	-0.02		
73.75	0.0575	0.13	4.2%	0.27	0.413	0.04	-0.01	0.01	0.6600	0.63	6.7%	-0.73	0.413	0.04	0.00	-0.02		
74.00	0.0400	0.07	4.9%	0.18	0.325	0.03	-0.01	0.00	0.8800	0.82	7.5%	-0.82	0.325	0.03	0.00	-0.02		
74.25	0.0250	0.04	5.3%	0.11	0.232	0.02	-0.01	0.00	1.1200	1.04	8.6%	-0.89	0.232	0.02	0.00	-0.02		
74.50	0.0175	0.02	5.8%	0.06	0.150	0.02	0.00	0.00	1.3100	1.27	7.9%	-0.94	0.150	0.02	0.01	-0.02		
74.75	0.0125	0.01	6.3%	0.03	0.089	0.01	0.00	0.00	1.6575	1.51	12.2%	-0.97	0.089	0.01	0.01	-0.02		

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