



FX DAILY DOSSIER

March 19, 2021

KEY MARKET THEME

- Bulk foreign flows may cap sell-off in rupee despite higher US yield.
- Euro slide further as interest rate differential between US and EZ widened to 200 bps.
- Pound edged lower after Bank of England expressed concern over latest economic development.

FX Majors	CMP	1W	1M
EURUSD	1.1910	-0.38%	-1.73%
GBPUSD	1.3911	-0.06%	-0.72%
USDJPY	108.99	-0.03%	3.38%

FX Cross INR	CMP	1W	1M
USDINR	72.73	0.06%	0.24%
EURINR	86.62	-0.30%	-1.50%
GBPINR	101.13	-0.05%	-0.51%
JPYINR	66.73	0.09%	-3.04%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.41%	6.50	35.30
US	1.72%	14.70	50.50
Germany	-0.26%	4.07	16.49
UK	0.88%	11.81	35.60

Flows	DTD	WTD	MTD
FII's (INR Crs)	2,625.82	4,311.38	7,802.81

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

MACRO ANALYSIS

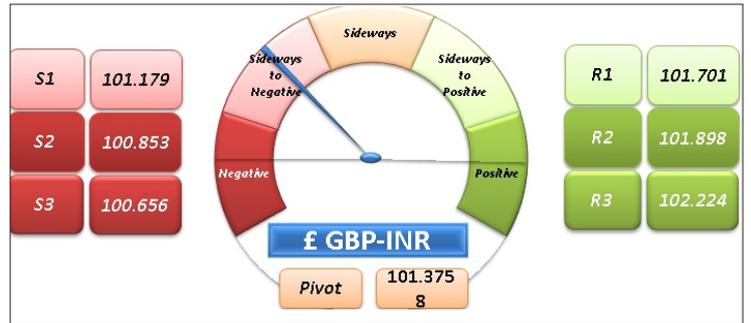
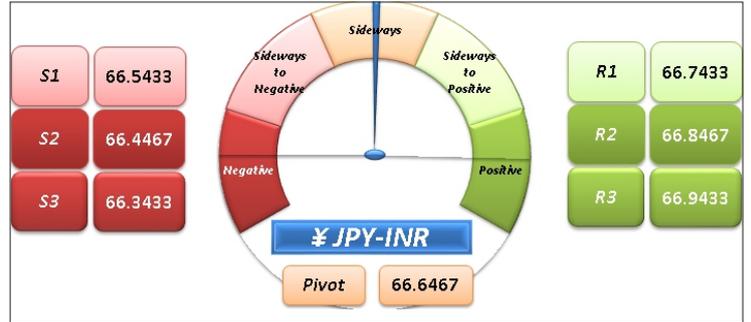
Indian Rupee may open lower today as dollar remains stronger amid concerns over rising yields. Yesterday 10 year yield moved to 1.75%, its highest level since January last year, following the Fed's dovish message which increased inflation fears. However we think sharp sell-off in oil prices overnight as well as the IPO flows with news came from the Adani Green Energy board about the \$1.35 bn funds raised will cap any sudden fall in rupee for the day.

While euro remains weak as the spread in yields widened to 200 bps between 10Yr US Treasuries (1.75%) and German bunds (-0.25%). Usually interest rate differential does play a crucial role in EURUSD pair. Additionally euro zone vaccine deployment issues remain, which may continue to be a drag on economic growth.

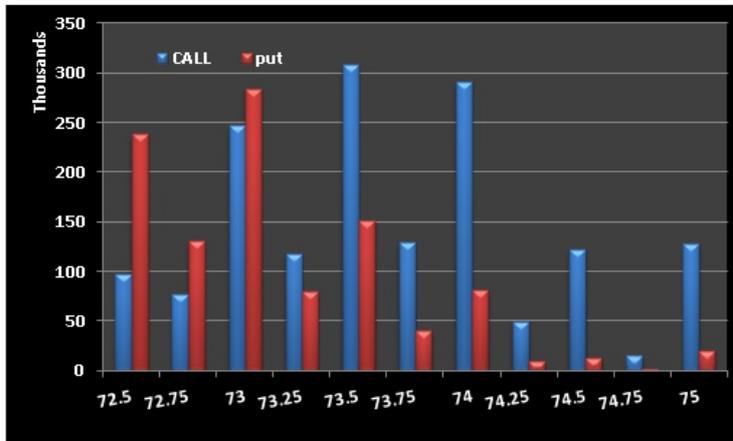
The UK pound dropped by 0.25% overnight as the Bank of England kept its record low 0.10% benchmark rate unchanged and maintained its target for asset purchases of \$1.2 trillion and weekly program of buying 4.4 billion pounds of bonds every week. Comments by BOE Governor Andrew Baily indicated a brighter economic outlook with the successful vaccine deployment, but expressed concern with a probably Q1 economic contraction and ongoing high unemployment.

ECONOMIC DATA

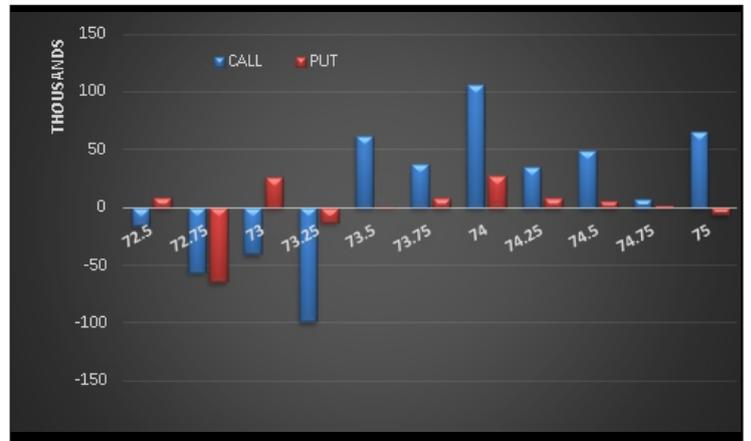
	IST	Previous	Median	SMC's Forecast
JPY Monetary Policy Statement	Tentative			
JPY BOJ Policy Rate	Tentative	-0.10%	-0.10%	-0.10%



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	
72.35																	
71.00	1.9850	1.81	15.2%	0.99	0.028	0.00	-0.01	0.02	0.0075	0.00	7.2%	-0.01	0.028	0.00	0.00	0.00	
71.25	1.6500	1.57	11.0%	0.98	0.059	0.01	-0.01	0.02	0.0100	0.01	6.7%	-0.02	0.059	0.01	0.00	0.00	
71.50	1.4000	1.33	9.7%	0.96	0.113	0.01	-0.01	0.02	0.0125	0.01	6.0%	-0.04	0.113	0.01	0.00	0.00	
71.75	1.1450	1.09	8.2%	0.92	0.192	0.02	-0.02	0.02	0.0250	0.03	5.9%	-0.08	0.192	0.02	0.00	0.00	
72.00	0.9550	0.87	8.6%	0.86	0.292	0.03	-0.02	0.02	0.0450	0.05	5.7%	-0.14	0.292	0.03	-0.01	0.00	
72.25	0.7175	0.66	7.3%	0.77	0.396	0.04	-0.02	0.02	0.0850	0.10	5.6%	-0.23	0.396	0.04	-0.01	0.00	
72.50	0.5400	0.49	7.2%	0.66	0.482	0.05	-0.02	0.01	0.1450	0.17	5.5%	-0.34	0.482	0.05	-0.01	-0.01	
72.75	0.3850	0.34	7.0%	0.54	0.525	0.05	-0.02	0.01	0.2350	0.27	5.3%	-0.46	0.525	0.05	-0.01	-0.01	
73.00	0.2650	0.22	6.9%	0.41	0.512	0.049	-0.02	0.01	0.3700	0.40	5.3%	-0.59	0.512	0.05	-0.01	-0.01	
73.25	0.1775	0.13	7.0%	0.29	0.449	0.04	-0.02	0.01	0.5300	0.57	5.1%	-0.71	0.449	0.04	0.00	-0.02	
73.50	0.1275	0.08	7.4%	0.19	0.354	0.03	-0.01	0.00	0.7250	0.76	4.9%	-0.81	0.354	0.03	0.00	-0.02	
73.75	0.0825	0.04	7.5%	0.11	0.251	0.02	-0.01	0.00	0.9300	0.97	0.0%	-0.89	0.251	0.02	0.00	-0.02	
74.00	0.0525	0.02	7.6%	0.06	0.160	0.02	0.00	0.00	1.1550	1.20	0.0%	-0.94	0.160	0.02	0.01	-0.02	
74.25	0.0400	0.01	8.2%	0.03	0.092	0.01	0.00	0.00	1.3700	1.44	0.0%	-0.97	0.092	0.01	0.01	-0.02	
74.50	0.0225	0.00	8.1%	0.01	0.048	0.00	0.00	0.00	1.6200	1.68	0.0%	-0.99	0.048	0.00	0.01	-0.02	

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