



FX DAILY DOSSIER

February 01, 2021

KEY MARKET THEME

- Indian Union Budget and RBI Monetary policy this week will be crucial for Indian Rupee.
- Wide expectations of Budget deficit may halt the rupee rally.
- Globally weaker dollar trend may keep rupee elevated in coming days.

FX Majors	CMP	1W	1M
EURUSD	1.2128	-0.12%	-1.04%
GBPUSD	1.3726	0.37%	1.12%
USDJPY	104.70	0.90%	1.52%

FX Cross INR	CMP	1W	1M
USDINR	72.90	-0.09%	-0.25%
EURINR	88.43	-0.18%	-1.23%
GBPINR	100.08	0.31%	0.90%
JPYINR	69.64	-0.97%	-1.72%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	5.95%	-1.10	-2.40
US	1.08%	-0.89	15.85
Germany	-0.52%	2.52	3.13
UK	0.33%	3.92	7.34

Flows	DTD	WTD	MTD
FII's (INR Crs)	-5,930.66	-9,643.17	8,980.81

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

MACRO ANALYSIS

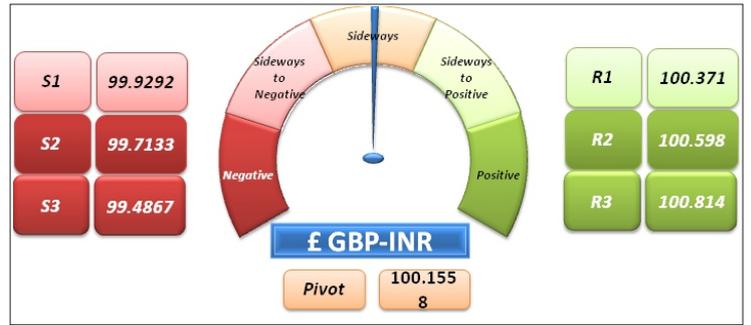
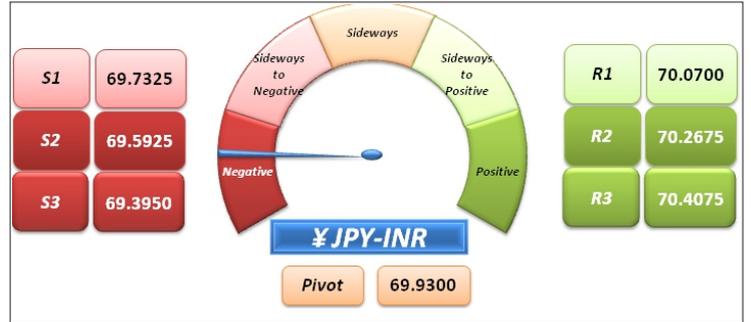
It's a budget day and latest development and forecast by IMF and others financial institutions showing that we will be growing over 13% in FY21-22 on nominal terms rebounding from a sharp plunge of -23.9% in last April-June quarter. Indeed Fx/Bonds participants have a deep attachment with fiscal deficit target as well as projection of Debt/GDP number.

Admittedly RBI remains very supportive throughout the various stages of economic lock-down with accommodative policy barring recent liquidity draining activities. Amid cool-off in recent headline CPI, if RBI go for a rate cut in its February policy to drive the expansion economic mode or FM may not adopt for any large spending cuts that may further derail the demand story, we can expect a decent rally in bonds as well rupee may head higher above 72.50 versus dollar.

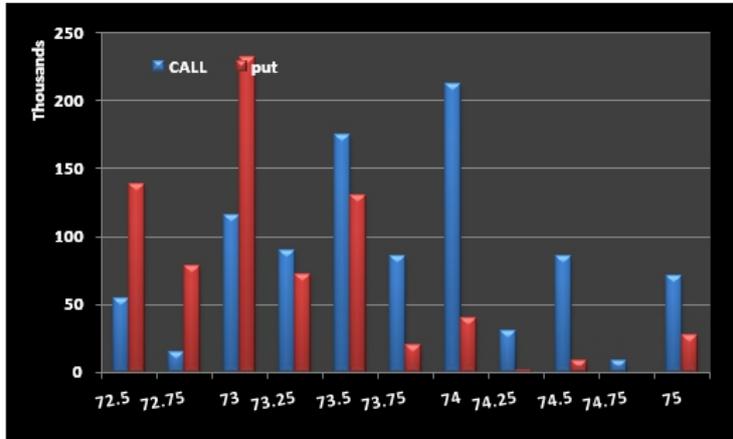
With expectations of 13% nominal growth club with over 7.00-8.50% budget deficit, any projections of spending below 19.50-21.00% may turns out to be slightly negative for rupee as global weaker dollar trend may cap any abrupt fall in rupee. This would be a unique budget of its kind till government may not sound too optimistic about reducing debt/gdp or fiscal deficit target. Let's go with the realistic numbers which market may cheer in due course.

ECONOMIC DATA

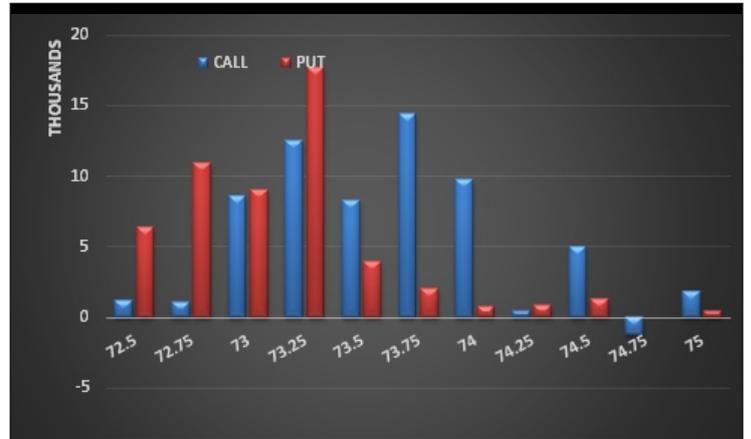
	IST	Previous	Median	SMC's Forecast
USD ISM Manufacturing PMI	20:30	60.7	60	60



USDINR Options Activity (Near Month)



USDINR OI Change (FTD)



USDINR Option Greek Data (Near Month)

24-Feb-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	
72.99	0.0000	2.01	0.0%	0.97	0.066	0.01	-0.01	0.04	0.0000	0.01	0.3%	-0.03	0.066	0.01	0.00	0.00	
71.25	0.0000	1.77	0.0%	0.95	0.098	0.02	-0.01	0.04	0.0200	0.02	5.7%	-0.05	0.098	0.02	0.00	0.00	
71.50	0.0000	1.54	0.0%	0.92	0.139	0.03	-0.01	0.04	0.0275	0.04	5.4%	-0.08	0.139	0.03	0.00	0.00	
72.00	1.1975	1.32	0.0%	0.88	0.186	0.04	-0.02	0.04	0.0350	0.07	5.0%	-0.12	0.186	0.04	0.00	-0.01	
72.25	0.9100	1.11	0.0%	0.82	0.237	0.05	-0.02	0.04	0.0600	0.11	4.9%	-0.18	0.237	0.05	0.00	-0.01	
72.50	0.7650	0.91	2.7%	0.76	0.285	0.06	-0.02	0.03	0.1075	0.16	5.1%	-0.24	0.285	0.06	0.00	-0.01	
72.75	0.5900	0.73	3.7%	0.68	0.325	0.07	-0.02	0.03	0.1750	0.23	5.1%	-0.32	0.325	0.07	0.00	-0.01	
73.00	0.4400	0.58	4.1%	0.59	0.353	0.07	-0.02	0.03	0.2800	0.32	5.4%	-0.41	0.353	0.07	0.00	-0.02	
73.25	0.3100	0.44	4.2%	0.50	0.363	0.073	-0.02	0.02	0.4050	0.44	5.6%	-0.50	0.363	0.07	0.00	-0.02	
73.50	0.2200	0.33	4.5%	0.42	0.355	0.07	-0.01	0.02	0.5600	0.57	5.8%	-0.58	0.355	0.07	0.00	-0.03	
73.75	0.1575	0.24	4.8%	0.33	0.329	0.07	-0.01	0.02	0.7400	0.73	6.2%	-0.67	0.329	0.07	0.00	-0.03	
74.00	0.1100	0.17	5.0%	0.25	0.291	0.06	-0.01	0.01	0.9425	0.91	6.6%	-0.75	0.291	0.06	0.00	-0.03	
74.25	0.0800	0.11	5.3%	0.19	0.245	0.05	-0.01	0.01	1.1500	1.10	6.9%	-0.81	0.245	0.05	0.00	-0.04	
74.50	0.0600	0.07	5.6%	0.13	0.196	0.04	-0.01	0.01	1.4725	1.31	9.2%	-0.87	0.196	0.04	0.01	-0.04	
74.75	0.0475	0.05	6.0%	0.09	0.149	0.03	-0.01	0.00	0.0000	1.54	0.0%	-0.91	0.149	0.03	0.01	-0.04	

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