



FX DAILY DOSSIER

September 17, 2020

KEY MARKET THEME

- Dollar rebound after Fed turned slightly hawkish by avoiding providing any concrete guidance on asset purchase.
- Indian Rupee likely to follow the overnight dollar trend, however expectations of dollar flows will cap any major fall in rupee.
- Sterling slightly edge higher against Euro ahead of BoE meet today as well as modest optimism on Brexit front.

FX Majors	CMP	1W	1M
EURUSD	1.1768	-0.41%	-0.78%
GBPUSD	1.2919	0.86%	-2.23%
USDJPY	105.09	-0.98%	-0.66%

FX Cross INR	CMP	1W	1M
USDINR	73.62	0.25%	-1.86%
EURINR	86.63	-0.17%	-2.63%
GBPINR	95.12	1.12%	-4.05%
JPYINR	70.06	1.24%	-1.20%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.00%	5.90	4.60
US	0.68%	-3.75	-2.56
Germany	-0.48%	-1.29	-6.09
UK	0.21%	-5.09	-3.11

Flows	DTD	WTD	MTD
FII's (INR Crs)	264.66	1,725.41	1,321.01

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

MACRO ANALYSIS

It was widely expected that Fed will keep the rates lower for longer duration and it did so. Fed signaled lower rates until at-least 2023 with 17 officials favored to keep near zero at least through next year and rest 13 officials projected for the same till end of 2023. What is notable that Fed sounded slightly hawkish which weigh most of the G10 currencies to slide against Dollar?

Admittedly Fed tweaks the outcome of its inflation targeting strategy review into present policy and at the same time prevented to send any additional dovish signals including to avoid any concrete guidance on asset purchases. Overall we can say because markets were heavily short in dollar before the Fed meet and after the announcement, a slight trim dollar short lifted Dollar Index higher.

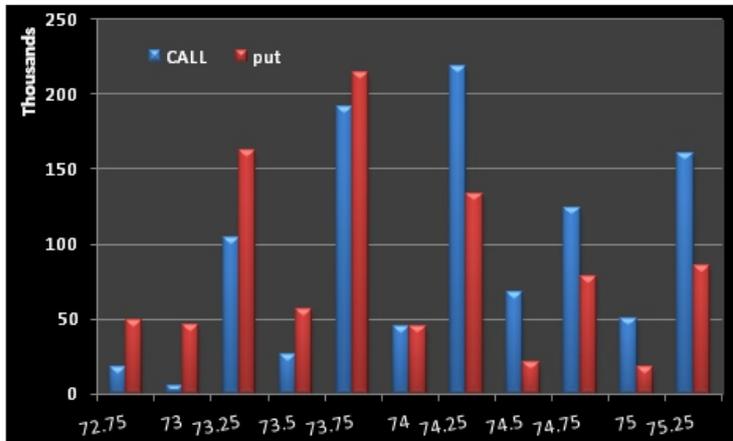
For the day, rupee likely to open lower following the overnight rebound in dollar. However expectations of dollar inflows as well as exporter selling of greenback may weigh USDINR pair in coming days. From the majors, euro turns negative after broad dollar unmoved while pound slightly better-off amid some optimism surfaced from Brexit front. Later in the day, Bank of England (BoE) monetary policy will guide sterling's move.

ECONOMIC DATA

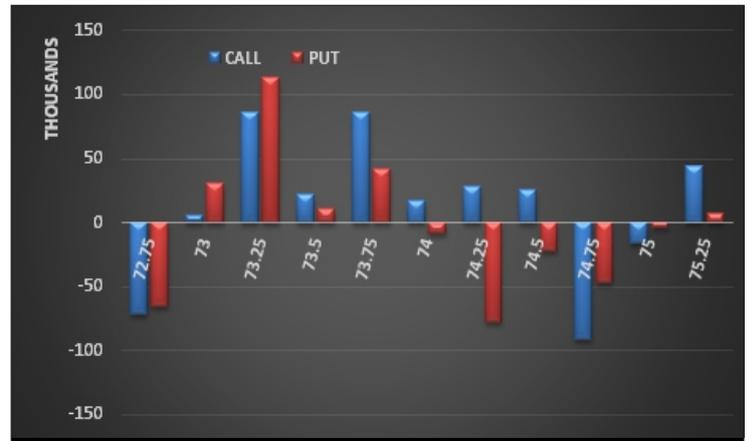
	IST	Previous	Median	SMC's Forecast
JPY Monetary Policy Statement	Tentative	-	-	-
GBP Official Bank Rate	16:30	0.10%	-	-



USDINR Options Activity (Near Month)



USDINR OI Change (FTD)



USDINR Option Greek Data (Near Month)

28-Sep-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
73.62																
71.75	1.7775	1.99	0.0%	0.99	0.035	0.00	-0.01	0.02	0.0050	0.00	7.3%	-0.01	0.035	0.00	0.00	0.00
72.00	0.0000	1.75	0.0%	0.98	0.064	0.01	-0.01	0.02	0.0075	0.01	6.9%	-0.02	0.064	0.01	0.00	0.00
72.25	1.6500	1.51	12.9%	0.95	0.107	0.01	-0.01	0.02	0.0100	0.02	6.4%	-0.05	0.107	0.01	0.00	0.00
72.50	1.4150	1.27	11.9%	0.92	0.166	0.02	-0.02	0.02	0.0150	0.03	5.9%	-0.08	0.166	0.02	-0.01	0.00
72.75	1.1500	1.05	10.0%	0.87	0.238	0.03	-0.02	0.02	0.0225	0.06	5.4%	-0.13	0.238	0.03	-0.01	0.00
73.00	0.9100	0.84	8.8%	0.80	0.314	0.04	-0.02	0.02	0.0375	0.10	5.0%	-0.20	0.314	0.04	-0.01	0.00
73.25	0.6925	0.65	7.9%	0.71	0.382	0.04	-0.02	0.02	0.0700	0.16	4.7%	-0.29	0.382	0.04	-0.01	-0.01
73.50	0.5050	0.49	7.3%	0.61	0.429	0.05	-0.02	0.01	0.1250	0.25	4.4%	-0.39	0.429	0.05	-0.01	-0.01
73.75	0.3450	0.35	6.8%	0.50	0.446	0.051	-0.02	0.01	0.2100	0.36	4.0%	-0.50	0.446	0.05	-0.01	-0.01
74.00	0.2225	0.24	6.6%	0.39	0.429	0.05	-0.02	0.01	0.3400	0.50	3.6%	-0.61	0.429	0.05	-0.01	-0.01
74.25	0.1350	0.16	6.4%	0.29	0.381	0.04	-0.02	0.01	0.4950	0.67	3.0%	-0.71	0.381	0.04	-0.01	-0.02
74.50	0.0800	0.10	6.4%	0.20	0.315	0.04	-0.01	0.00	0.6925	0.86	2.0%	-0.80	0.315	0.04	0.00	-0.02
74.75	0.0500	0.06	6.6%	0.13	0.241	0.03	-0.01	0.00	0.9125	1.07	1.0%	-0.87	0.241	0.03	0.00	-0.02
75.00	0.0350	0.03	7.1%	0.08	0.171	0.02	-0.01	0.00	1.1400	1.29	0.0%	-0.92	0.171	0.02	0.00	-0.02
75.25	0.0225	0.02	7.3%	0.05	0.113	0.01	0.00	0.00	1.3875	1.52	0.0%	-0.95	0.113	0.01	0.01	-0.02

Currency Research Team

Arnob Biswas - Fundamental Analyst
arnobbiswas@smcindiaonline.com

Tapish Pandey - Technical Analyst
tapishpandey@smcindiaonline.com

E-mail: smc.care@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401 / 402, 4th Floor,
Graham Firth Steel Compound, Off Western
Express Highway, Jay Coach Signal, Goreagon
(East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-67341697

Kolkata Office:
18, Rabindra Sarani, Poddar Court, Gate No-4,
5th Floor, Kolkata - 700001
Tel.: 033 6612 7000/033 4058 7000
Fax: 033 6612 7004/033 4058 7004

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