



FX DAILY DOSSIER

March 22, 2021

KEY MARKET THEME

- Indian Rupee may remain higher as US Treasury yields are cooling-off since early Asian session.
- Pound fell since last Friday in the wake of modest unwinding of long sterling.
- Euro remains weaker as covid lockdown in euro zone prompted further concerns of growth.

| FX Majors | CMP | 1W | 1M |
|-----------|--------|--------|--------|
| EURUSD | 1.1891 | -0.34% | -2.20% |
| GBPUSD | 1.3835 | -0.49% | -1.64% |
| USDJPY | 108.83 | -0.26% | 3.57% |

| FX Cross INR | CMP | 1W | 1M |
|--------------|--------|--------|--------|
| USDINR | 72.50 | -0.01% | 0.07% |
| EURINR | 86.21 | -0.35% | -2.15% |
| GBPINR | 100.30 | -0.51% | -1.54% |
| JPYINR | 66.62 | 0.27% | -3.36% |

| Global Yields | 10Y-Yield | 1W(bps) | 1M (bps) |
|---------------|-----------|---------|----------|
| India | 6.36% | 2.10 | 30.90 |
| US | 1.68% | 5.31 | 34.26 |
| Germany | -0.29% | 1.02 | 13.44 |
| UK | 0.84% | 8.09 | 31.88 |

| Flows | DTD | WTD | MTD |
|-----------------|----------|----------|----------|
| FII's (INR Crs) | 1,418.43 | 1,127.82 | 9,221.24 |

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

MACRO ANALYSIS

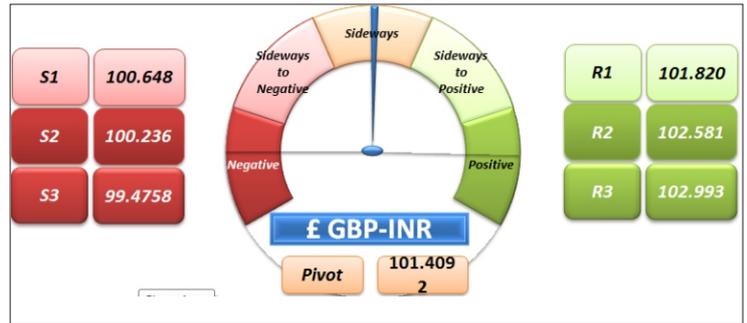
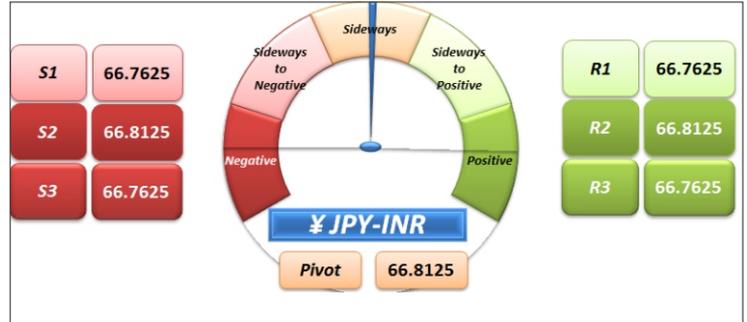
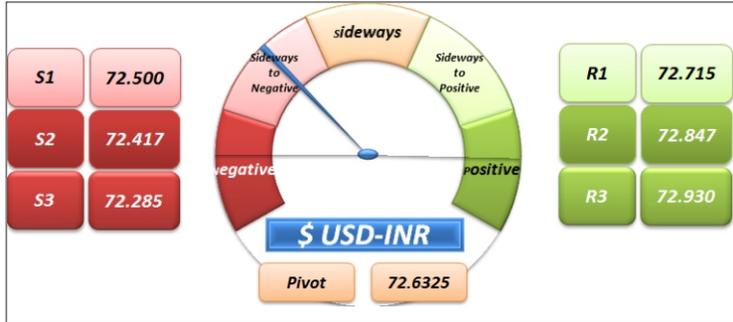
The Federal Reserve announced an end to a Covid relief mechanism sending US Treasury yields and the US dollar higher. The Supplementary Leverage Ratio had been modified temporarily and the Fed said last Friday that the relief for banks would expire at the end of the month. The gain in the 10-yr Treasury and the dollar proved temporary as the news was somewhat expected. For the day, breaching a level of 72.28 on spot would trigger rupee to rise further.

The pound is weaker this morning after briefly touching 1.40 last week. Additionally Bank of England meeting held no surprises as rates were left unchanged. Similar to the Federal Reserve, the British central bank is showing little concern for the recent rise in government bond yields. The pound has been quite strong over the past couple months and many see recent selloff as profit-taking.

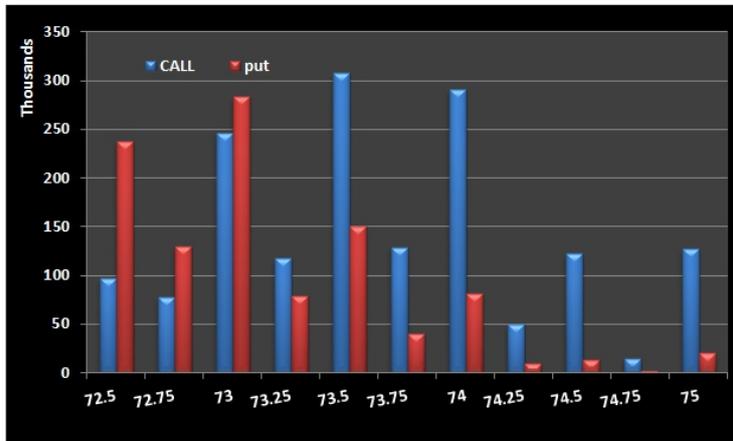
The euro is weaker this morning after giving back all its gains from earlier in the week. Covid related restrictions are hitting the European economy yet again as Paris goes into lockdown following similar measures in Germany and Italy. FX traders will favour the dollar as long as US Treasury yields are climbing and vaccinations lag in Europe.

ECONOMIC DATA

| | IST | Previous | Median | SMC's Forecast |
|-----------------------------|-------|----------|--------|----------------|
| USD Fed Chair Powell Speaks | 18:30 | | | |



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 | |
| 72.69 | 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 | |
| 71.00 | 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 | |
| 71.25 | 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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