



FX DAILY DOSSIER

March 31, 2020

KEY MARKET THEME

- Chinese sentiment based PMI surveys lifted from February lows but not enough to reverse the negative sentiment.
- Rupee will weigh further as Indian Government likely to announce expansion in borrowing calendar for April-Sep soon.
- Sterling weighs in early Asia ahead of Q4 GDP.

FX Majors	CMP	1W	1M
EURUSD	1.1013	2.10%	-1.41%
GBPUSD	1.2321	4.79%	-3.85%
USDJPY	108.59	-2.36%	1.37%

FX Cross INR	CMP	1W	1M
USDINR	75.42	-1.26%	3.24%
EURINR	83.09	0.81%	1.93%
GBPINR	92.97	3.47%	-0.69%
JPYINR	69.50	1.21%	1.92%

Global Yields	10Y-Yield	1W(bps)	1M(bps)
India	6.17%	-14.60	-25.40
US	0.70%	-15.24	-45.42
Germany	-0.50%	-17.44	11.35
UK	0.33%	-23.30	-11.22

Flows	DTD	WTD	MTD
FII's (INR Crs)	-4363.61	-8,539.32	-62771.76

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

MACRO ANALYSIS

Indian rupee remains subdued ahead of fiscal and quarter year end. However USD/INR may see some weakness in opening hours amid modest improvement in Chinese monthly PMI release for March which was rebounded from 35.7 to 52.00. Markets are turning risk-on after the release although this is not the actual recovery in manufacturing activity as it is a broadly sentiment survey which tends to influence markets in many occasions.

Our domestic vulnerabilities will push rupee off from any marginal gains came from dollar selling by large entities.

Moreover concerns of fiscal borrowing undermine any risk-on gains in rupee as markets are expecting a scale-up in borrowing calendar (April-Sep) to be released soon. What's more we are constantly maintaining our bearish of domestic growth number and likely to plunge to 1.5-2.00% in H2 of FY21 instead of RBI's modest forecast for the same period to 4.4%.

On global front, Pound is quoting three-tenth percent lower in early Asian hours. We are skeptical for any rise in sterling and not last long -(see our yesterday's daily report) amid possible prolong period of nation lock-down and Q4 final GDP likely to weigh growth, although we are more bearish in Q2 of this year as the staid quarter will capture the entire shutdown activities.

Additionally few economic sentiment survey from euro zone suggest for steep decline in upcoming quarters notably in Q2 which will weigh euro as well. Broadly we are bullish in dollar barring any dollar swap lines don't push back green back on substantial basis.

ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
USD CB Consumer Confidence	19:30	130.7	115.1	115.1

PIVOT LEVELS

Currency	Day's Trend	Pivot	S1	S2	S3	R1	R2	R3
USD/INR (MAR)	SIDEWAYS	75.82	75.47	74.97	74.62	76.32	76.67	77.17
EUR/INR (MAR)	SIDEWAYS	83.55	83.29	83.05	82.79	83.79	84.05	84.29
JPY/INR (MAR)	NEGATIVE	69.95	69.50	69.08	68.63	70.37	70.82	71.24
GBP/INR (MAR)	NEGATIVE	93.65	93.30	92.76	92.41	94.19	94.54	95.08

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