



# FX DAILY DOSSIER

January 14, 2021

## KEY MARKET THEME

- Indian Rupee likely to remain green for the day following dollar weaker trend.
- US 10-year yield fell further after expectations of large fiscal stimulus is being largely discounted.
- Pound continues to remain steady after Bank of England may avoid cutting rates.

FX Majors	CMP	1W	1M
EURUSD	1.2168	-0.83%	-0.83%
GBPUSD	1.3649	0.63%	0.49%
USDJPY	103.83	0.01%	0.71%

FX Cross INR	CMP	1W	1M
USDINR	73.11	-0.51%	-0.56%
EURINR	88.95	-1.35%	-1.40%
GBPINR	99.79	0.13%	-0.07%
JPYINR	70.41	-0.53%	-1.28%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	5.95%	5.20	-0.80
US	1.08%	16.35	18.52
Germany	-0.52%	5.34	11.56
UK	0.31%	10.92	13.62

Flows	DTD	WTD	MTD
FII's (INR Crs)	571.47	10,053.69	12,974.59

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

## MACRO ANALYSIS

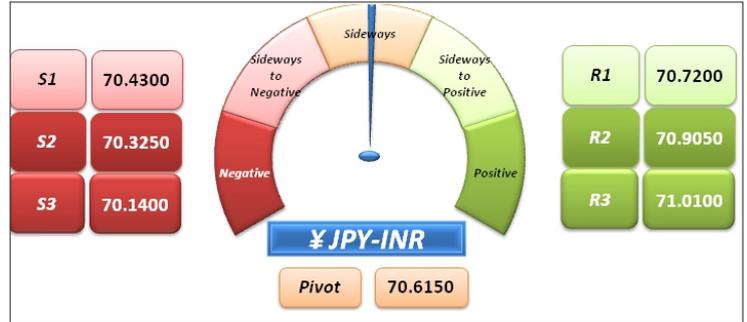
Indian Rupee continues to loft higher after US dollar failed to hold its recent gains against major currencies. Earlier Federal Reserve officials played down the idea of cutting asset purchases stating that is was too early to discuss changes in balance sheet policy as the country needs to get through the pandemic first – asset purchases are likely to continue until the country is on stronger footing. We still think higher oil price may cap the sharp rally in rupee in coming days.

Meanwhile global equity markets inched slightly higher overnight as investors weighed the worsening coronavirus pandemic against prospects of more fiscal stimulus in the US. Expectations of further economic stimulus once Joe Biden enters the White House next week are being balanced against the latest signs of a growing pandemic threat as mentioned in FT.

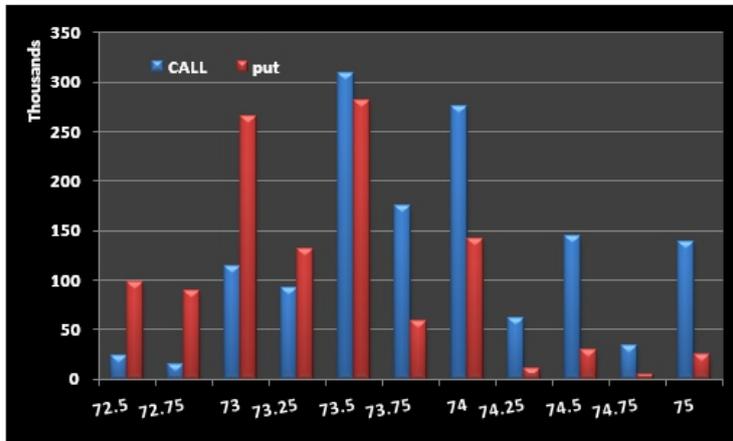
In majors pound briefly traded at 1.37 overnight - the strongest level since Q2 2018. The strength in the pound comes from some relief the Bank of England may not cut interest rates to levels below zero. While the euro is weaker this morning as Italy's government is at risk of collapsing. The former PM threatens to withdraw his support. Ex PM Renzi said his group will decide today whether to upset Conte's government – Renzi's party threatened "if you want us to be in government, listen to our ideas."

## ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
USD Fed Chair Powell Speaks	23:00			



USDINR Options Activity (Near Month)



USDINR OI Change (FTD)



USDINR Option Greek Data (Near Month)

27-Jan-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
73.11																
71.25	0.0000	2.01	0.0%	0.99	0.023	0.00	-0.01	0.03	0.0000	0.00	0.4%	-0.01	0.023	0.00	0.00	0.00
71.50	1.7900	1.76	8.6%	0.98	0.047	0.01	-0.01	0.03	0.0050	0.00	6.1%	-0.02	0.047	0.01	0.00	0.00
71.75	1.7100	1.52	13.2%	0.97	0.088	0.01	-0.01	0.02	0.0075	0.01	5.7%	-0.03	0.088	0.01	0.00	0.00
72.00	1.3050	1.28	7.2%	0.94	0.148	0.02	-0.01	0.02	0.0050	0.02	4.6%	-0.06	0.148	0.02	0.00	0.00
72.25	1.1450	1.05	8.8%	0.89	0.226	0.03	-0.02	0.02	0.0100	0.04	4.3%	-0.11	0.226	0.03	0.00	0.00
72.50	0.8200	0.84	5.5%	0.82	0.314	0.04	-0.02	0.02	0.0200	0.08	4.0%	-0.18	0.314	0.04	-0.01	0.00
72.75	0.5975	0.64	4.9%	0.73	0.397	0.05	-0.02	0.02	0.0500	0.14	3.9%	-0.27	0.397	0.05	-0.01	-0.01
73.00	0.4025	0.48	4.6%	0.63	0.458	0.05	-0.02	0.02	0.1075	0.22	3.9%	-0.37	0.458	0.05	-0.01	-0.01
73.25	0.2600	0.34	4.6%	0.51	0.482	0.055	-0.02	0.01	0.2075	0.33	3.9%	-0.49	0.482	0.06	-0.01	-0.01
73.50	0.1650	0.22	4.9%	0.39	0.463	0.05	-0.02	0.01	0.3625	0.46	4.0%	-0.61	0.463	0.05	0.00	-0.02
73.75	0.0950	0.14	4.9%	0.28	0.407	0.05	-0.01	0.01	0.5450	0.63	4.0%	-0.72	0.407	0.05	0.00	-0.02
74.00	0.0600	0.09	5.3%	0.19	0.327	0.04	-0.01	0.00	0.7600	0.82	3.9%	-0.81	0.327	0.04	0.00	-0.02
74.25	0.0375	0.05	5.6%	0.12	0.240	0.03	-0.01	0.00	0.9825	1.04	0.0%	-0.88	0.240	0.03	0.00	-0.02
74.50	0.0275	0.03	6.1%	0.07	0.162	0.02	-0.01	0.00	1.2275	1.26	0.0%	-0.93	0.162	0.02	0.01	-0.02
74.75	0.0175	0.01	6.4%	0.04	0.100	0.01	0.00	0.00	1.3950	1.50	0.0%	-0.96	0.100	0.01	0.01	-0.03

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