



FX DAILY DOSSIER

April 01, 2020

KEY MARKET THEME

- Rupee will be lifted higher after government announced borrowing calendar for April-Sep.
- Over 60% borrowing flows will be from fully accessible route - dollar flows in debt market.
- Dollar Index fell after Trump's commented - The death toll in US due to COVID-19 could reach upto 240,000.

FX Majors	CMP	1W	1M
EURUSD	1.1014	1.20%	-1.09%
GBPUSD	1.2385	4.25%	-3.79%
USDJPY	107.68	-3.17%	0.13%

FX Cross INR	CMP	1W	1M
USDINR	75.33	-1.36%	2.44%
EURINR	83.00	0.65%	1.36%
GBPINR	93.35	4.43%	-1.40%
JPYINR	69.97	1.87%	2.31%

Global Yields	10Y-Yield	1W(bps)	1M (bps)
India	6.13%	21.70	-26.40
US	0.67%	-18.65	-48.83
Germany	-0.47%	-14.71	14.08
UK	0.36%	-20.59	-8.49

Flows	DTD	WTD	MTD
FII's (INR Crs)	-4363.61	-9,430.91	-65816.70

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

MACRO ANALYSIS

Indian rupee likely to open on a positive note after centre announced the borrowing calendar for April-Sep. Govt will borrow Rs 4.48 lakh crores which is 62.53% of gross target of Rs 7.8 lakh crores in FY21. It is a welcome move as far as G-sec bonds prices are concerned as the entire borrowing will be through G-sec issuances. Rupee may get support based on dollar flows expectations amid the borrowing plans consist of 63% flows may come through fully accessible route in which government has decided to remove restrictions on investment limits for non-resident to 3 years, 5 years, and 30 years tenors.

So far it is a welcome move for rupee and accordingly we will refrain to remain bullish in USD/INR for the time being. Additionally volumes in currency will remain thin today as money market remains closed on the first day of new fiscal year followed by trading holiday tomorrow on account of Ram Navmi.

Meanwhile Dollar Index fell further after Trump on Tuesday said the US corona virus death toll could quickly reach almost a quarter of a million people. He warned Americans to prepare for a "very, very painful two weeks". In a dramatic change of tone from his comments on the crisis only days ago, Mr Trump and his top health scientists said there could be between 100,000 and 240,000 deaths even Americans follow the social distancing guidelines the president had recommended until the end of April.

For next few days forex volatility likely to remain low based on COVID-19 impact as relative pairs will face the same impact from the outbreak.

ECONOMIC DATA

	IST	Previous	Median	SMC's Forecast
USD ADP Non-Farm Employment Change	17:45	183K	(150K)	(150K)
USD ISM Manufacturing PMI	19:30	50.1	41.6	41.6

PIVOT LEVELS

Currency	Day's Trend	Pivot	S1	S2	S3	R1	R2	R3
USD/INR (MAR)	SIDEWAYS	75.81	75.53	75.23	74.95	76.11	76.39	76.69
EUR/INR (MAR)	SIDEWAYS	83.06	82.63	82.36	81.93	83.33	83.76	84.03
JPY/INR (MAR)	SIDEWAYS	69.63	69.35	69.13	68.85	69.85	70.13	70.35
GBP/INR (MAR)	SIDEWAYS	93.27	92.96	92.56	92.24	93.67	93.99	94.39

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