



***Rising oil & rising yields are a bad cocktail...***

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➤ **Recap:** Yesterday USDINR touched a 5-day low as exporters sold taking advantage of high premium in futures/forwards. However, demand for \$ in spot from RBI allowed for the pair to close off its lows, near 72.98 on fut.

➤ **Markets' today:**

- Contrary to trader's expectation, yesterday night, **US Fed chief did not push back on high yields.**
- With surge in US bond yields, **Asian equity markets are under intense selling pressure.**
- Asian currencies are bleeding** against the \$. USDINR March fut may open higher, near 73.30/34 levels.
- Adding fuel to fire, OPEC decided to not increase output. This caused a 5% spike in Brent crude oil prices. **Higher oil and higher US bond yields are negative cocktail for the Indian Rupee.**

➤ **Trade Pointers:**

- Positional view remains DOWN, as long USDINR spot is holding below 73.60 levels.
- USDINR March fut may slip into a range between 72.80 and 73.50 levels.

➤ **Levels to watch:**

Futures	S1	S2	CMP	R1	R2
USDINR	72.80	73.00	72.98	73.50	73.80



**EUR/USD**  
**&**  
**EUR/INR**

- **Recap:** Euro is quite vulnerable to spike in US bond yields as it has negative interest rates. Yesterday, EURINR dropped 56 paise to close at 87.96 levels on March futures.
- **Economic data:** A contrasting data between Eurozone & US. EZ Jan retail sales contracted far more than expected but US factory order posted strong gains and even the jobless claims ticked lower. US economy remains stronger than EUs.
- **Markets' today:**
  - ❑ If US jobs growth is stronger in Feb, then Euro can come under further selling pressure. Watch US NFP.
- **Trade Pointers:**
  - ❑ EURUSD is in bearish price trend. Intra-day support near 1.1950 and 1.1900. Sell on rise with SL > 1.21.
  - ❑ EURINR March fut can also decline towards 87.00 levels.
- **Levels to watch:**

Futures	S1	S2	CMP	R1	R2
EURINR	87.20	87.45	87.96	87.95	88.20



**GBP/USD**  
**&**  
**GBP/INR**

- **Recap:** GBP/INR failed to capitalize on a growth supportive UK budget and dropped 55 paise to close at 101.70 on March futures. Rising US bond yields & weak stocks weighed on the pair.
- **Economic data:** Post Brexit, UK real estate sector is bouncing back quite strongly. Construction PMI, a survey of the sector, jumped much more than expected in Feb. It a healthy sign for GBP but would matter when markets are risk on.
- **Markets' today:**
  - ❑ Keep an eye on 2 trends & eco data: (i) US bond yields (ii) stock market (iii) US jobs report tonight.
- **Trade Pointers:**
  - ❑ GBP/USD is in uptrend. Buy on decline advised with stop on a close below 1.3700 levels.
  - ❑ GBP/INR March fut is a buy on decline with stop below 100.50/70 zone on a closing basis.
- **Levels to watch:**

Futures	S1	S2	CMP	R1	R2
GBP/INR	101.35	101.60	101.70	102.05	102.30

USD/JPY  
&  
JPY/INR



➤ **Recap:** The relentless slide continues in JPYINR. Rising US bond yields continue to drag the JPY lower. JPYINR March futures closed 35 paise lower near 68.05 levels.

➤ **Trade Pointers:**

- ❑ USDJPY remains in an uptrend. It has potential to test 109.10/30 levels.
- ❑ JPYINR remains in a downtrend. Sell on rise. Major resistance zone is between 68.50/70 on March fut.

➤ **Levels to watch:**

Futures	S1	S2	CMP	R1	R2
JPYINR	67.55	67.80	68.05	68.15	68.40

# FPI FLOWS

( \$ Million)		
MONTH	EQUITY	DEBT
Apr-20	(904)	(1,057)
May-20	1,929	(2,902)
Jun-20	2,890	552
Jul-20	1,018	(568)
Aug-20	6,294	368
Sep-20	(1,052)	896
Oct-20	2,661	314
Nov-20	8,132	326
Dec-20	8,420	1,227
Jan-21	2,658	(660)
Feb-21	3,539	(246)
Mar-21	(309)	(725)
<b>FY21</b>	<b>35,585</b>	<b>(1,750)</b>

- The three macro factors that drive the value of USDINR: (i) Carry trade done by speculators by selling USDINR forwards/futures and rolling it (ii) FDI & FPI flows (iii) RBI intervention.
- Alongwith macro and technical factors, Intermarket has significant impact on USDINR. Keep an eye on (i) US Dollar Index (ii) Global equity indices (iii) Oil prices- Oil has been rising but if it begins to sustain above 70, it can a negative factor for the Rupee (iii) Asian currencies against US Dollar
- FPI flows have turned negative in March. If US bond yields continue to rise, then with rising oil prices, can trigger further outflows from Indian debt and even Indian equity. Keep a watch.

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