WEEKLY FOREX INSIGHT

KEY HEADLINE

- The U.S. dollar gained on Friday as U.S. government bond yields held near one-year highs, while riskier currencies such as the Aussie dollar weakened.
- Yields have surged as an acceleration in the pace of vaccinations globally and optimism over improving global growth bolster bets that inflation will rise. That has also led investors to price in earlier monetary tightening than the Federal Reserve and other central banks have signaled.
- The dollar index rose 0.59% to 90.847, its highest level in a week. It gained against the yen, touching 106.69 for the first time since September.
- The greenback is likely to continue to benefit from safe- haven flows if risk appetite continues to worsen, and emerging market currencies may be among the biggest losers.
- Data on Friday showed U.S. consumer spending increased by the most in seven months in January, while price pressures were muted. jobs data for February released next Friday is the next major economic focus.
- euro dipped 0.79% to $1.2078 after touching a seven-week high of $1.2244 on Thursday.
- The Indian rupee and bonds weakened on Friday as global markets were rocked overnight by a surge in U.S. treasury yields to their highest levels since the pandemic began.
- The partially convertible rupee fell 1.5% on day to close at 73.4650 per dollar, posting its biggest single-day fall since March 23 last year. The Indian currency fell 1.1% on the week, having risen for the previous six weeks on the back of India's improved economic outlook and broad dollar weakness.
- India's benchmark 10-year bond yield rose to 6.24%, its highest since May 13. It ended trading at 6.23%, up 5 basis points on the day.
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Currency pair

Currencies	22/02/2021	26/02/2021	Change (%)
USDINR	73.13	74.19	1.45
EURINR	88.26	89.81	1.75
GBPINR	101.86	103.11	1.22
JPYINR	69.07	69.71	0.92

USDINR

RECOMMENDATION: <u>BUY USDINR AboVE 74.35 SL 73.90 TARGET 75.20</u>

EURINR

RECOMMENDATION: <u>BUY EURINR above 89.95 SL 89 TARGET 91</u>

GBPINR

RECOMMENDATION:<u>BUY GBPINR above 103.30 SL 102.70 TARGET 104.30</u>

JPYINR

RECOMMENDATION: <u>BUY JPYINR AboVE 69.85 SL 69.15 TARGET 71</u>

RESEARCH BONANZA

FOREIGN CURRENCY SEGMENT

OUTLOOK BY: Analyst Vibhu Ratandhara

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