



China rate cut boosts Asia markets: DXY & US bond retreat prompts relief rally

Indian Rupee- Outlook and Hedge trade Recommendations

Currency	Indicative	Trading range	Hedge advice for import	Hedge advice for exports.	Technical trend
USDINR	77.48	77-77.78	80% hedge	70% hedge	Sideways

Outlook: Dollar index posted biggest drop in last 20 months amid powerful profit taking bout. Major currencies and several emerging currencies retreated from multi month low. USDINR touched to 77.78 and recovered to 77.45 in morning offshore trading. China banks cut 5-year lending rate by 15 bps to 4.45 which may defuse some fear about China slowdown and may bolster risk on sentiment. Indian stocks were hammered down amid active sell off. Nifty lost nearly 15% from the top. Several US tech stocks are also coming under heavy selling pressure amid earning worries. Chinese covered stimulus in scattered actins is nearly 5 trillion USD which indicates zero covid policy is a major blow to the China economy. As China, Japan and SE Asia are reeling under profound slowdown, Indian economy is also at a risk of growth slowdown. Sentiment is fragile. Mood is cautious. Short term recovery bounce towards 76.90-77.20 may offer import covering opportunity.

Hedge Trade Recommendations: Any dips towards 77-77.20 may be used to cover near term USD imports as per own's treasury profile. Path of least resistance is still looks toward downward. Yesterday market movement of US bond and DXy looks little confused movement. May be a false move.

Currency	Indicative	Trading Range	Hedge Advice for import	Hedge advice for exports	Tec. trend
EURINR	81.70	80.80-82.40	Stay 80% hedged	Stay fully hedge	Corrective rebound

Outlook: EURINR stuck in a choppy range. Sharp dollar retreat given respite to single currency against major pair. Domestic pair remained stable.

Hedge trade Recommendations: Short term outlook seen stable. War truce development in Baltic need to be watch out for. Short term range is seen at 80.70-82.70

Currency	Indicative	Trading Range	Hedge Advice for import	Hedge advice for exports	Tec. Trend
GBPINR	96.38	95.60-97.40	Stay 80% covered	Keep 20% export open.	Corrective bounce

Outlook: GBPINR rally stalled due to return of global risk on sentiment. Market looks choppy amid sharp rebound in Asia stocks in morning trade. China rate cut given a boost to Asia emerging markets. Current rebound looks like a relief rally. Technical correction. Major trend is still looks fragile.

Hedge Trade Recommendations: Near term risks seems to be modestly downside for GBPINR.

International USD Crosses- Outlook and Hedge trade Recommendations

Currency	Indicative	Trading Range	Hedge Advice for import	Hedge advice for exports	Tec. trend
EURUSD	1.5060	1.0460-1.620	Optimal hedge	Optimal Hedge	Recovery bounce, (May be fragile)

Outlook: EURUSD looks stabilizing mode amid US bond retreat and China rate cut. Short term outlook seems stable. Rising inflation and pressure on corporate earnings, soaring energy cost due to Russia Ukraine war etc. are long term negative for continental currencies and stock market.

Hedge Trade Recommendations: EU and continental currencies are on stabilizing mode for a while. US bond retreat and China rate cut came as positive surprise.

Currency	Open	Trading Range	Hedge Advice for import	Hedge advice for exports	Tec. Trend
GBPUSD	1.2441	1.2320-1.2510	Stay 90% hedged	Stay 90% hedged	Technical bounce

Outlook: GBP rally getting stalled. Markets look clueless for a while.

Hedge Trade Recommendations: Hedge ratio between 70-80 for both side exposure.

Currency	Open	Trading Range	Hedge Advice for import	Hedge advice for exports	Tec. Trend
JPYUSD	127.95	127-129.50	Stay optimal hedge	Optimal hedge	Stable

Outlook: USD/JPY recovered amid broader sell off in Dollar index. Japan consumer prices rose to 2.1%, above BOJ target of 2%. Inflation hits 7 years high. Japan past vice finance minister known as Mr. Yen, Mr. Sakakibara said that Yen could go towards 150 in long run. Monetary policy divergence between Japan and US is negative for yen. Meanwhile Japan has urged G 7 govts to reinforce forex agreement (to support yen) ...

Hedge Trade Recommendations: Stay fully hedge in near term import and exports. Any sharp reversal towards 123-124 may be seen as an opportunity to cover near imports. Major trend looks structurally bearish.

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