APRIL 11TH, 2026

IFA GLOBAL

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WEEKLY NEWSLETTER

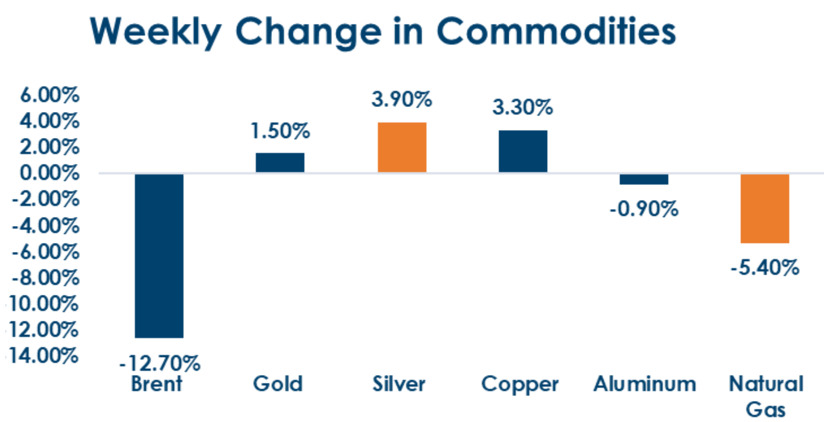
MARKETS REJOICE IN THE CEASEFIRE, EVEN THOUGH ITS ON SHAKY GROUND

Global Developments:

- **After threatening to almost ruin Iran if they fail to open the Strait of Hormuz before a deadline, President Trump backed down, and the markets rejoiced as the worst seems to be behind for now**
- **However, the ceasefire was on shaky ground, and there was disagreement on whether the Israel-Lebanon combat was part of that.**
- **High-stakes peace talks between the US and Iran are to happen in Pakistan over the weekend**
- **Trump has now warned that the US will resume its military action with even more intensity if a peace deal isn't reached.**
- **While crude cooled off, the risk premium has not completely gone away, and we don't seem to be completely out of the woods yet.**

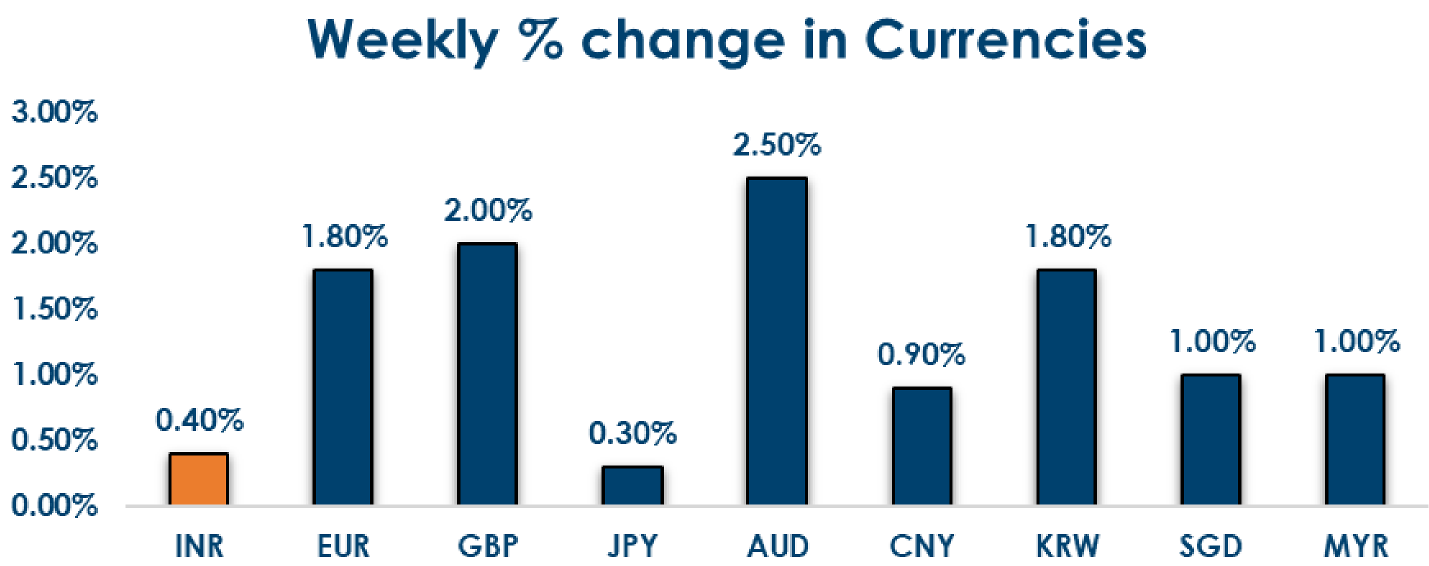
Commodities:

- Commodities were broadly weak, led by a sharp fall in crude (WTI -13.4%, Brent -12.7%), while natural gas also declined; base metals were mixed with copper gaining, and precious metals remained resilient with gold and silver rising.



Foreign Exchange:

- The Dollar saw broad-based weakness this week, with all G10 currencies appreciating—led by NZD (+2.6%), NOK, SEK, and AUD (all +2.5%), while JPY lagged with a modest +0.3% gain.
- Broad-based strength seen across Asian currencies this week against the Dollar, led by KRW (+1.8%), THB (+1.4%), and MYR/SGD (+1% each). Gains were moderate in CNH (+0.9%) and TWD (+0.8%), while INR and PHP edged up (+0.4%). HKD remained largely stable (+0.1%). IDR was the sole laggard, declining by 0.6%.
- The 1.8% appreciation in the Euro reflects improved risk sentiment and reduced Dollar demand, supporting European importers while slightly tightening export competitiveness.
- The 2% rise in the pound indicates relative strength in UK assets, potentially easing imported inflation but posing mild headwinds for export-driven sectors.
- Rupee traded in a 92.40-93.15 range this week and ended at 92.73 compared to the previous week's close of 93.10
- Volatility cooled off with 3m ATMF implied volatility dropping from 7.20% to 5.43%
- The curve remains mildly inverted in the near term, with short-tenor premiums elevated—1M at 3.85% and peaking at 3M at 3.96%—before easing to 3.21% at 12M. Longer tenors show a gradual uptick, with 5Y at 3.55%, suggesting near-term tightness but a relatively stable long-term outlook.
- FX Reserves rose USD 9bn to USD 697.1bn in the week ending 3rd April, largely on the back of a rise in Gold Reserves.



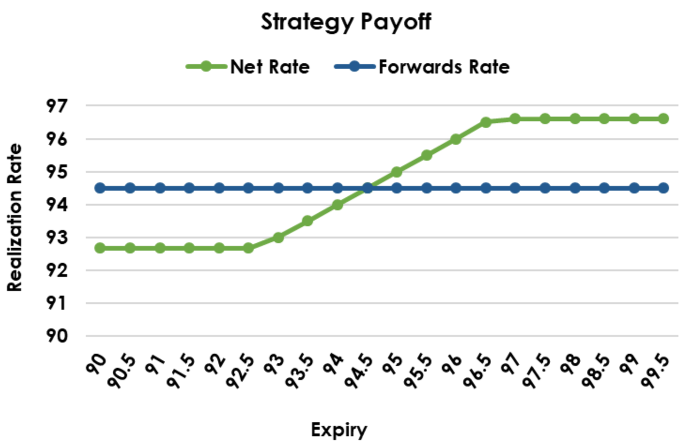
Fixed Income:

- Yields edged higher across most major economies this week, led by Germany (+6bps) and Japan (+4bps), while France (+3bps) also saw a notable uptick. The US and UK remained largely stable (+1bp each). In contrast, Australia (-7bps) saw a sharp decline, with China (-1bp) also easing slightly.
- Yield on the benchmark 10y cooled off 22bps this week to 6.91% as RBI kept rates and stance unchanged and reassured the market of keeping system liquidity in surplus.
- 1y OIS cooled off 53bps to 5.83% as RBI asked market participants not to read too much into what the OIS market is suggesting in terms of rate action, as it is a relatively thin market. 5y OIS dropped 53bps as well to 6.31%. Banking system liquidity is in a surplus of more than Rs 4 lakh crs. MIBOR fixings have been happening in a 5.09-5.13% range, well below repo.
- 10y AAA PSU is around 7.40%, and 10y AAA NBFC is around 7.70%
- 1y T-bill is at 5.60% and 1y CD is at 6.91%
- FPIs have sold net USD 1.5bn of domestic debt in April so far

Option Structures for Importer

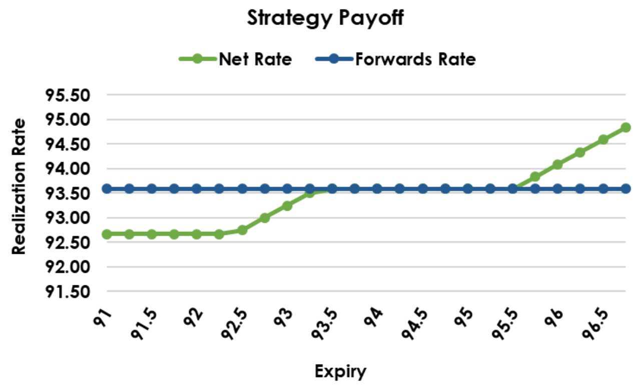
EXPORTER RISK-REVERSAL

Spot ref 92.67
Tenor 6m
Atmf 94.50
Buy put atms
Sell call 96.60
Net cost 0 ps



IMPORTER SEAGULL

Spot ref 92.67
Tenor 3m
Atmf 93.59
Buy call Atmf
Sell put Atms
Sell call 95.75
Cost 0 ps



Our Views: What we like?

FX

The 95.50-100.50 range continues to hold extremely well on the Dollar index. USDINR is likely to meet real demand on every dip. As long as Brent stays close to or above USD 100 per barrel, the rupee may continue to remain under pressure. Even after Brent cools off, recent evidence suggests that RBI tends to keep a firm floor and that on the downside Rupee does not strengthen as much when things improve. 1m offshore-onshore dislocation is still 60p. We see a 91.90-94.75 range for the rupee over the next 3 months

Fixed Income

We had highlighted that above 7% on 10-year bonds are extremely attractive levels to add duration to the portfolio. Successful Measures taken by RBI to cool off USDINR have given it headroom to keep rates on hold. One can look to pay 5y OIS on dips to 6.10%

Commodities

We prefer adding gold and silver on dips. These will do well in a weak-dollar environment. Precious metals are following the dollar theme rather than the risk theme. We are bullish on Aluminum as well. Brent has resisted thrice at USD 120 per barrel. Break of that level could trigger massive stops and result in a vertical move. However, that is not the base case. At the same time, the probability is more than that of an extreme tail risk event.

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