

WEEKLY NEWSLETTER

US SUPREME COURT STRIKES DOWN TRUMP'S RECIPROCAL TARIFFS

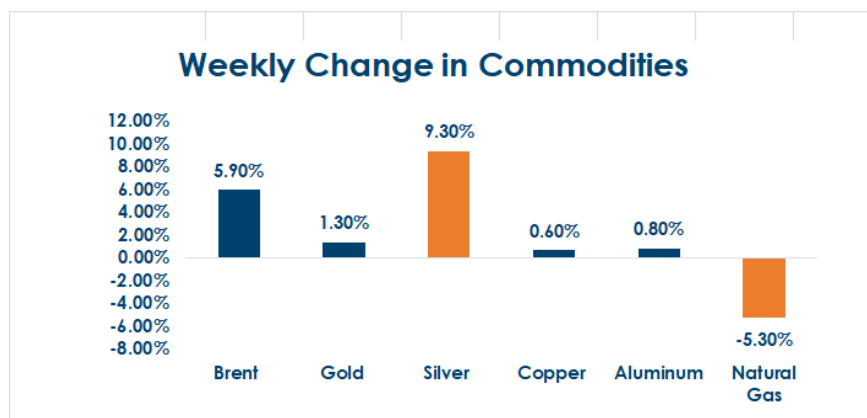


Global Developments:

- US Supreme Court struck down Trump's sweeping global tariffs (imposed by invoking International Emergency Economic Powers Act) on Friday in a 6-3 decision. Reciprocal tariffs and Fentanyl related tariffs will not hold.
- In response, Trump announced a 10% levy on all foreign goods effective 24th Feb. Trump said he would order a raft of trade investigations that should allow him to enact more permanent tariffs.
- Trump said that nothing changes in the trade deal with India.
- There is an ebb and flow of US-Iran tensions and that is keeping markets, particularly Crude on the edge.
- US PCE print was hotter than expected and PMIs and Consumer sentiment were weaker than expected. Market is pricing slightly over 2, 25bps cut by the Fed till end of 2026.

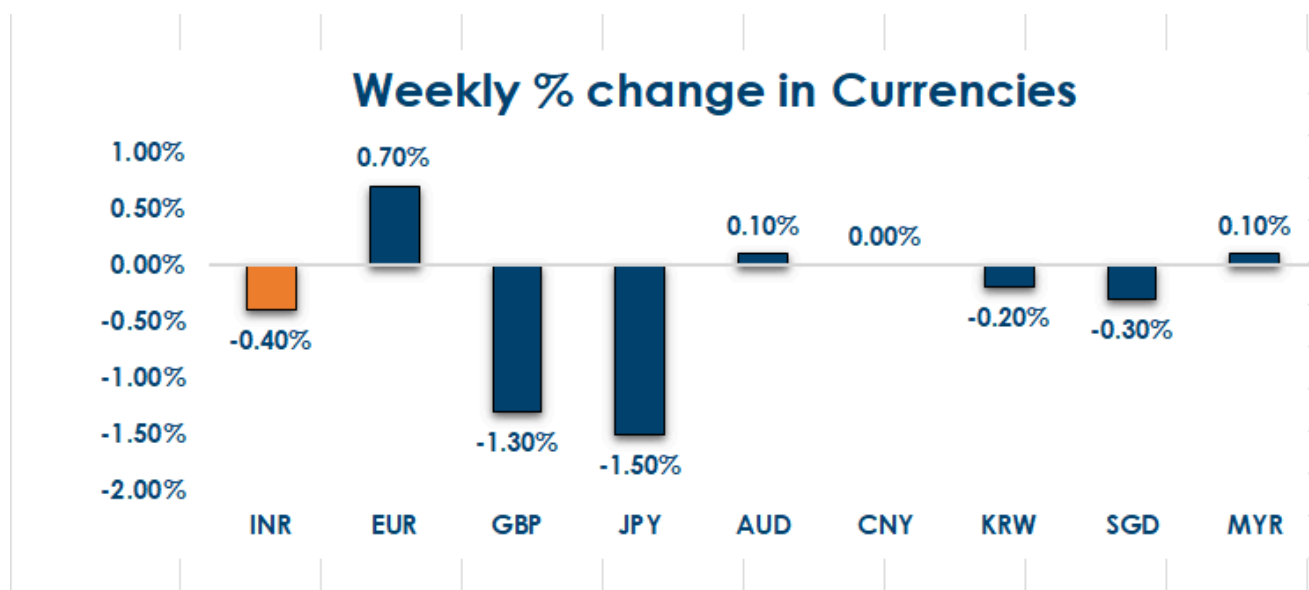
Commodities:

- Brent crude rose 5.9% to \$71.8, supported by escalating US-Iran tensions, while US natural gas fell 5.3% and European gas dropped 1.5%.
- LME Aluminium increased 0.8% to \$3,102, and LME Copper edged up 0.6% to \$12,964.
- Iron ore corrected 4.2%, showing continued volatility in base metals markets.
- Precious metals outperformed, with gold up 1.3% to \$5,107 and silver surging 9.3% to \$84.7 amid safe-haven demand.



Foreign Exchange:

- This week, G10 currencies mostly softened against the US Dollar, with AUD edging up 0.1%, while NOK (-0.2%), CAD (-0.5%), EUR and DKK (both -0.7%), CHF and NZD (both -1%), GBP (-1.3%), and SEK and JPY (both -1.5%) faced declines amid broad USD strength.
- Asian currencies were largely stable against the US Dollar this week, with MYR and CNH up 0.1%, HKD and TWD unchanged, while KRW, IDR, and PHP fell 0.2%, and SGD (-0.3%), THB and INR (both -0.4%) saw modest declines.
- This week, G10 currencies saw broad USD strength, with AUD up 0.1%, NOK -0.2%, CAD -0.5%, EUR and DKK both -0.7%, CHF and NZD -1%, GBP -1.3%, and SEK and JPY -1.5%, adding pressure on the Euro and GBP in trade and import dynamics.
- Stability in Asian currencies, with MYR and CNH up 0.1%, HKD and TWD flat, and modest declines in KRW, IDR, PHP (-0.2%), SGD (-0.3%), and THB and INR (-0.4%), is likely limiting competitive pressure on the Euro and GBP, supporting their regional trade positions despite recent USD strength.
- Rupee traded a 90.59-90.99 range intraweek and ended at 90.99 compared to previous close of 90.64
- Rupee had weakened to 91.19 in offshore on holiday but RBI likely intervened to ensure that the onshore open the next day was below 91.00
- FX Reserves rose USD 8.7bn to USD 725.7bn in the week ending 13th Feb
- 3m ATMF implied volatility is at 4.31%
- 3m, 1y and 3y implied forward yields are at 2.58%, 2.59% and 3.00%



Fixed Income:

- This week, sovereign yields showed mixed movements across major economies, reflecting cautious investor sentiment amid global uncertainties.
- US yields inched higher, while European bonds generally softened, signaling divergent market trends across the Atlantic.
- In Asia, Japanese yields fell on safe-haven demand, whereas Chinese yields saw slight upward pressure, highlighting regional differences in risk appetite.
- Yield on the domestic 10y benchmark traded a 6.65-6.73% range and ended 6.72% compared to last week close of 6.68%.
- 1y OIS rose 2bps this week to 5.52%. 5y OIS rose 2bps as well to 6.09%.
- Overnight MIBOR fixings have been happening around 5.13-5.14% as banking system liquidity is in an abundant surplus of more than Rs 2.5 lakh crs. Weighted average TREPS rate has infact been around 4.80-4.90% this week.
- 10y AAA PSU spreads over Gsec are at 54bps while 10y AAA NBFC spreads are around 78bps.
- 1y T-bill yield is at 5.55% while 1y CD is at 7.09%.
- FPIs have invested net USD 1.6bn in domestic debt in February so far.

Option Structures for Exporter Importer

Exporter Enhanced Collar

Spot ref 90.40
Tenor 6m
Atmf 92.06
Buy put 91.90
Sell call 92.06 with eki at 93.00
Net zero cost

Importer seagull

Spot ref 90.95
Tenor 3m
Atmf 91.53
Buy call Atmf
Sell put 90.25
Sell call 92.75
Cost 9 ps



Our Views: What we like?

FX

The Dollar index has been consolidating in the 96-100 range since middle of 2025. We expect this trend to continue. We are trimming our bearish Dollar view a bit in the wake of Supreme court ruling. We expect the Rupee to remain range bound in 90.00-91.25 as well and expect 2 sided RBI intervention. January Trade deficit print was a bit concerning.

Fixed Income

Despite ample banking system liquidity, supply pressures keep coming to the fore, resulting in any rally in domestic Bonds being short-lived. We expect the 10y yield to trade a 6.60-6.80% band over the next few weeks. 5y OIS has cooled off and should see support around 5.90-5.95% now.

Commodities

US-Iran tensions will likely continue to support Brent.

Previous metals remain a buy on dips in our view given the structural changes in global trade relationships and geopolitical dynamics. There is also a massive FOMO factor. Gold around USD 4600-4800 and Silver around USD 65-70 should see good support.

Contact Us:

+91 86557 85089 | info@ifaglobal.net

[Subscribe to our Daily Reports Here!](#)

**The views and opinions expressed above are for informational purposes only and should not be construed as investment advice.*