

JUNE 27TH, 2026

WEEKLY NEWSLETTER

FX Partner You Can Trust

AI/CHIP SELL OFF DIMS SOH REOPENING EUPHORIA



Global Development:

Reopening of the Strait of Hormuz and passage of vessels through the Strait drove down energy prices and therefore inflation expectations and global bond yields.

De-crowding in Semiconductor names pushed US equities lower, stoking a contagion in Asian chip manufacturers as well, especially in Korea.

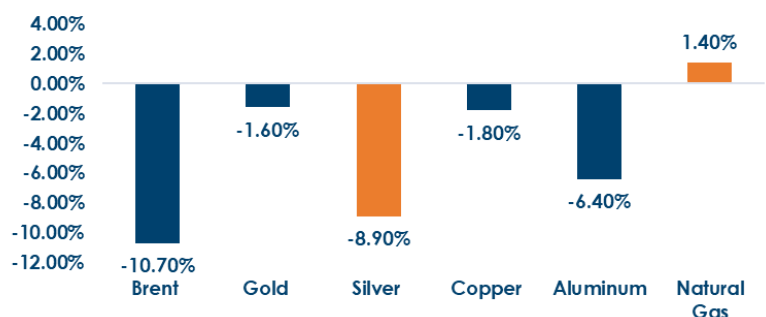
Dollar strengthened despite lower US yields as confidence in Fed's commitment to reigning in inflation was restored after Kevin Warsh's first policy. Stronger Dollar pushed the commodity complex lower in general.

Key data point to look forward to in coming week would be the US June labor data due on Friday.

Commodities:

Commodity prices corrected sharply this week, led by a steep decline in crude oil and precious metals, as easing geopolitical tensions, a stronger US dollar, and lower inflation expectations weighed on the broader commodity complex.

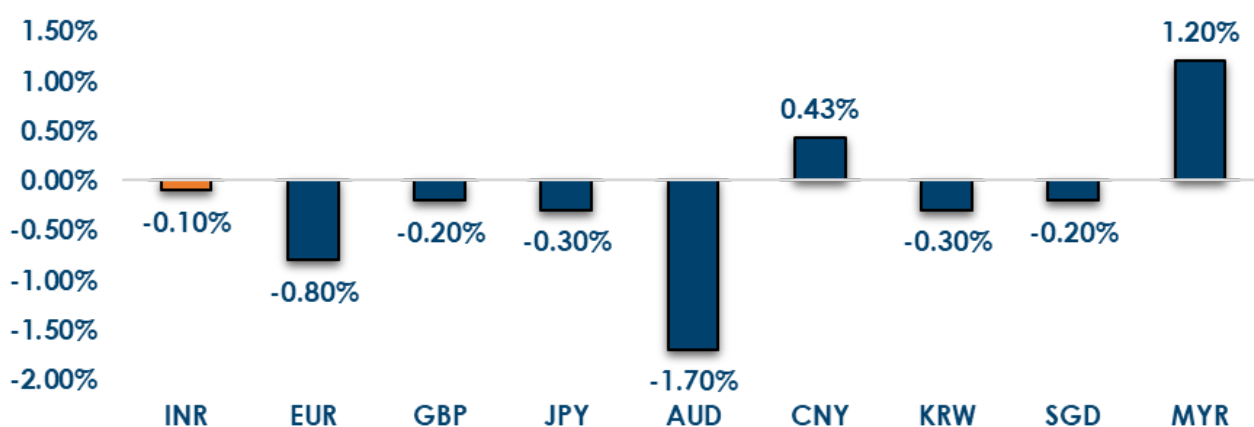
Weekly Change in Commodities



Foreign Exchange:

- The US Dollar strengthened against most G10 currencies this week, led by declines in the Norwegian Krone, Australian Dollar, and New Zealand Dollar, as improving confidence in the Federal Reserve's anti-inflation stance supported the greenback.
- The Euro weakened by 0.8% against the US Dollar this week, reflecting broad-based Dollar strength driven by renewed confidence in the Federal Reserve's commitment to controlling inflation.
- The British Pound declined 0.2% against the US Dollar this week, as broad-based Dollar strength outweighed relatively stable domestic fundamentals in the UK.
- Asian currencies remained relatively resilient against the US Dollar this week, with the Malaysian Ringgit outperforming, while the Thai Baht and Taiwan Dollar witnessed the sharpest declines amid broad-based Dollar strength.
- Indian Rupee ended the week almost flat at 94.40 after trading a 94.14-94.93 range.
- The implied forward yield curve remained broadly stable, suggesting expectations of a range-bound USD/INR over the medium term.
- 3m ATM implied volatility is at 4.80%, 7bps higher than previous week
- FX Reserves rose USD 1bn in week ending 19th June to USD 672.6bn.

Weekly % change in Currencies



Fixed Income:

- Global bond yields declined across major economies this week, led by the US 10-year Treasury yield, as easing energy prices and lower inflation expectations supported fixed-income markets globally.
- Yield on the domestic 10y benchmark fell 8bps this week to 6.77%.
- 1y OIS eased 14bps to 5.90% while 5y OIS cooled off 16bps to 6.18%. Overnight MIBOR fixings happened in 5.38-5.43% range this week. Banking system liquidity is now in marginal deficit.
- 1y T-bill yield is at 5.60% while 1y CD is at 7.25%.
- 10y AAA PSUs are yielding around 7.45% and 10y AAA NBFC around 7.60%
- FPIs have bought net USD 5bn of domestic debt in June so far.

Our Views: What we like?

FX

We still believe Dollar index is consolidating and we would wait a while to call it a break given the long period of consolidation

We expect the Rupee to remain range bound as well in 93.40-96.40 over the next several weeks

With ECB and FCNR related inflows likely to come in, RBI is likely to have enough ammunition to manage the Rupee. At the same time, we believe it will keep a firm floor under the pair and look to trim short USD book on every opportunity.

Fixed Income

Worst seems to be over for bonds and rates as well.

We expect the 10y yield to remain in 6.70-7% range over the next several weeks. Extending duration and deploying a carry roll down strategy can be considered given rich term premium

Commodities

We do not believe we have a breakout on Dollar index as of now and prefer to wait for confirmation.

As a result we stick to our long precious metals and base metals view.

Crude is almost down to pre-war levels and we see limited downside from current levels

Contact Us:

India Forex Asset & Management Pvt. Ltd.

+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.*