

MARCH 14<sup>TH</sup>, 2026

FX Partner You Can Trust

WEEKLY NEWSLETTER

# DOLLAR INDEX APPROACHES TOP OF 95.50-100.50 RANGE



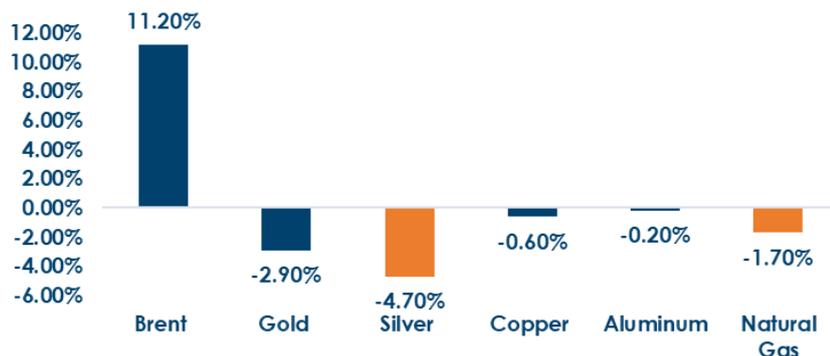
### Global Developments:

- Today it's been 15 days since the war began.
- While the US is claiming that it has significantly debilitated Iran's capacity to prolong the war, Iran continues to exercise its leverage over the Strait of Hormuz by blocking it
- March 13th saw the heaviest US strikes against Iran, and Trump has warned that strikes will intensify further. The new Iranian Supreme Leader reportedly is wounded.
- India is procuring Russian oil & gas stranded at sea and is also procuring from the US Gulf coast to minimize dependence on the Middle East.
- In India, gas supply is being rationed to industry and being diverted to households and the transport sector. Restaurants and Hotels are making contingency plans as well.

### Commodities:

- **Energy surged:** Brent Crude jumped 11.2% to \$98.7, while U.S. Natural Gas slipped 1.7% to \$3.13 and European Natural Gas declined 6.1% to €50.1.
- **Base metals steady:** LME Aluminum eased 0.2% to \$3,439, while Copper fell 0.6% to \$12,780.
- **Precious metals corrected:** Gold dropped 2.9% to \$5,019, and Silver declined 4.7% to \$80.6.

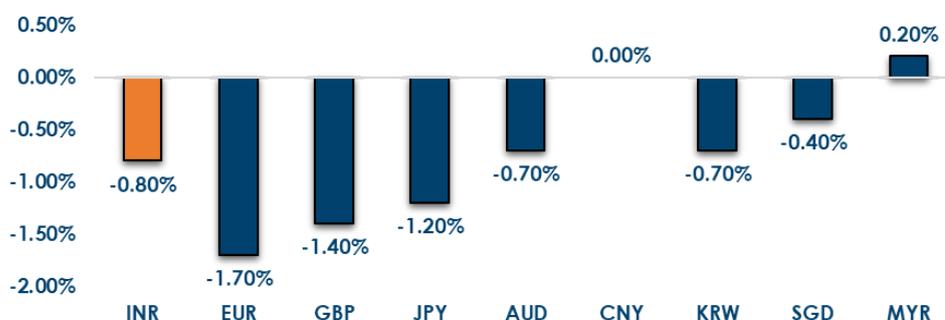
### Weekly Change in Commodities



## Foreign Exchange:

- The US Dollar strengthened against all G10 currencies this week, with the biggest declines seen in SEK (-3.2%), NZD (-2.1%), and NOK/CHF (-1.9%), reflecting broad-based dollar demand.
- Asian currencies weakened against the Dollar this week. MYR (+0.2%) was the only gainer, CNH remained flat, while PHP (-1.2%) and THB (-1.1%) led losses, followed by INR & TWD (-0.8%).
- The EUR weakened by ~1.7% against the USD this week, reflecting broad dollar strength across G10 currencies amid global risk aversion and stronger US macro sentiment.
- The GBP declined by ~1.4% against the USD, reflecting broad dollar strength across G10 currencies and continued cautious sentiment toward the UK macro outlook.
- Rupee traded a 91.71-92.47 range this week and ended at 92.46 compared to previous week close of 91.75
- RBI FX Reserves dropped USD 11.6bn to USD 716.8bn in the week ending 6th March.
- Forward premiums up to 1Y saw paying interest this week, with the 1M premium at 4.02% and the curve broadly stable between 2.86%–3.46% across longer tenors.
- 3m ATMF implied volatility spiked from 5.10% last week to 5.77%

### Weekly % change in Currencies



## Fixed Income:

- Global 10Y yields moved higher across most major economies, led by the US and UK (+18 bps each), signalling a broad uptick in global bond market pressures.
- Yield on the India benchmark 10y traded a 6.64-6.70% range and ended at 6.68% compared to last week's close of 6.72%
- 1y OIS spiked 23bps to 5.84% while 5y OIS spiked 17bps to 6.22%
- 1y T-bill yield is at 5.61% while 1y CD is at 7%
- Banking system liquidity is in surplus of around Rs 2.2 lakh crs. MIBOR fixings have been happening around 5.12-13%. Overnight weightier average TREPS rate has been around 4.80% except yesterday when it was 5.04%
- 10y AAA PSU spread over Gsec is 59bps and that of 10y NBFC is 70bps
- FPIs have sold net USD 800mn of domestic debt in March so far

## Option Structures for Exporter

### EXPORTER RISK REVERSAL

Spot ref 92.45  
 Tenor 6m  
 Atmf 93.93  
 Buy put atms  
 Sell call 95.86  
 Net cost 0 ps



## Option Structures for Importer

### IMPORT SEAGULL

Spot ref 92.45  
 Tenor 3m  
 Atmf 93.30  
 Buy call Atmf  
 Sell put 91.58  
 Sell call 95.30  
 Cost 19 ps



## Our Views: What we like?

### FX

Dollar index is at top of 95.50-100.50 range and the Dollar may continue to strengthen till the war continues. We expect a V shaped reversal in crosses as soon as war ends. Rupee is likely to continue to remain under pressure as long as Brent hovers around USD 100 per barrel. RBI for a long time defended the 92.35 mark but seemed to let it go on Friday. If Brent spikes higher, RBI may be left with little choice but to let the Rupee go. Also, the more aggressively the RBI intervenes and the more Reserves it expends, the less likely downside becomes in USDINR when things improve as RBI may then keep a firm floor to mop up Dollars to build ammunition quickly again, given the uncertain times we are in. We expect a steady grind higher in USDINR towards 93-93.20 levels.

### Fixed Income

Domestic benchmark 10y has been incredibly resilient. Besides OMOs, RBI has likely been buying in secondary market as well. On the other hand rates have sold off. 1y OIS at 5.84% suggests the RBI may have to hike this year. For how long the RBI can protect both Bonds and Rupee is the question. Protecting the Rupee means selling Dollars and withdrawing liquidity from banking system which is negative for Bonds. Doing OMOs or secondary market purchases means injecting liquidity which is negative for Rupee, which means RBI has to sell more Dollars!

### Commodities

The most surprising has been the behaviour of precious metals during current risk-off times. We believe, however, that this is an opportunity to add positions, as while the current geopolitical dynamics are temporary, De-Dollarization is a long-term structural theme that will resurface once geopolitics subsides. Brent and Natural Gas prices are likely to be headline-driven. Risks remain skewed to the upside in the short term.

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