

The currency markets have gone through a period of high turbulence amid Covid-19 fears. However, most emerging economies are easing restrictions now to normalize economic activity. Following the same trend, Indian rupee has recovered from a record low of 76.92 witnessed in April 2020.

Currently, India's all time high forex reserve, strong capital flows and near balance current account argues well for rupee. However, Reserve Bank of India doesn't seem to be in a mood to give the currency a run even as most of its regional peers have rebounded from the virus-induced selloff. The central bank is adding to reserves to guard against a likely downgrade in India's credit rating or to ensure a bigger transfer of surplus to the revenue-starved government. Moreover border tension with China is also likely to weigh on rupee sentiment in short term.

USD likely to remain weak:

The outlook of the USD has come under pressure amid further easing by the U.S. Fed along with lingering worries over the U.S. growth. The gains may be capped amid growing fears of second wave of infections in nations like China, U.S., along with overall rise in number of cases globally. Meanwhile in the U.S., new outbreaks have raised questions about the pace of reopening the economy. Recent spate of mixed to weak data from major economies along with bleak growth forecast by organizations like IMF, World Bank and OECD continue to fan growth worries. In this context, we expect USD to broadly remain weak.

India major beneficiary of lower crude prices:

With the crash in crude oil prices and slowdown in global as well as Indian economy, the net impact on India's external account would be positive. Consequently, India is likely to post its first current account surplus in 18 years in FY21. Current account balance could move from a deficit of ~0.9% in FY20 to a surplus of ~0.35% of GDP this year and provide a huge support to rupee.

RBI's line of defence to limit rupee appreciation:

India's foreign-exchange reserves are at a record above \$500 billion mark, and yet, the rupee is Asia's worst performer over the past three months. The central bank is adding to reserves to guard against a likely downgrade in India's credit rating or to ensure a bigger transfer of surplus to the revenue-starved government. India's equity markets have seen foreigners step up purchases, unfazed by Moody's Investors Service's downgrade. Separately, Reliance Industries Ltd. has strung together deals worth \$13 billion for its Jio unit, and a series of share sales including a \$1 billion offering by Kotak Mahindra Bank are boosted inflows, helping add to India's reserves.

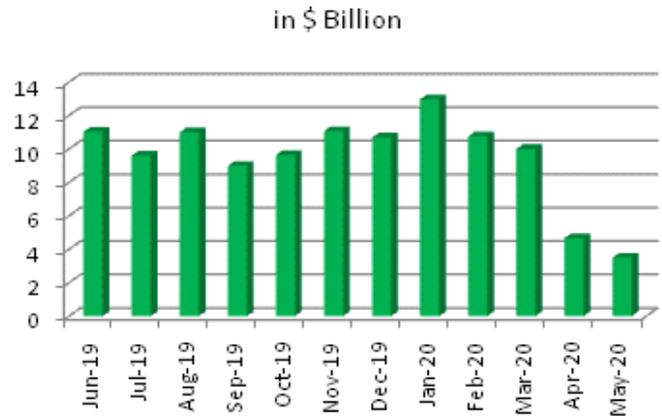
Rupee to trade in 74.5-76.5 range in the rest of FY2021:

According to our estimate rupee is likely to remain stable in the range of 74.5-76.5 in FY21. Although the RBI is buying dollars and increasing its dollar reserves, adequate capital flows and a controlled current account position are likely to remain as a protector which will help to curb volatility. According to our view, RBI may let the rupee weaken till end-June to bolster its balance sheet, which will enable it to transfer a bigger dividend to the government.

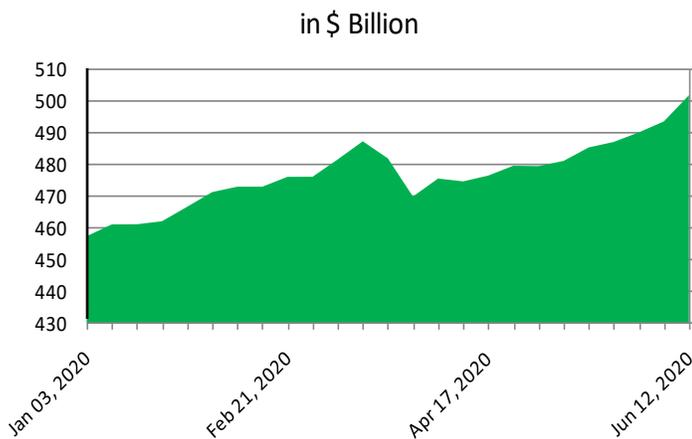
Brent likely to remain lower below \$50



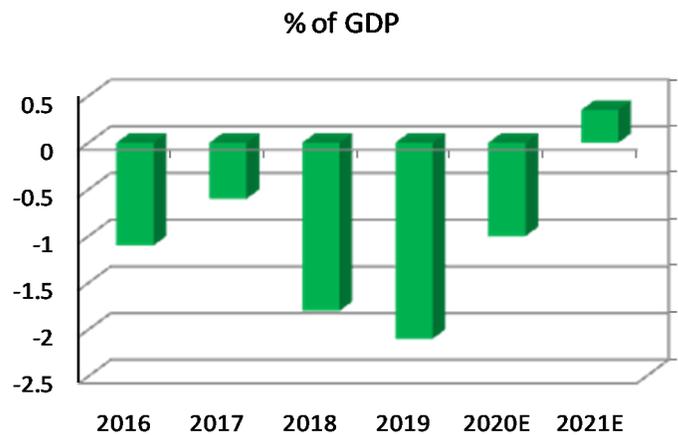
Oil import bill likely to decline



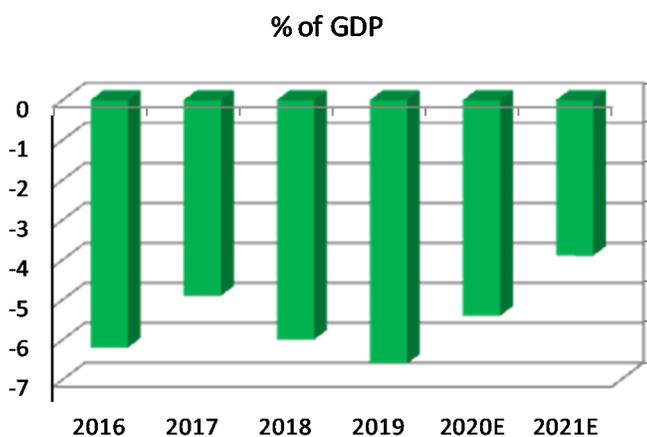
Forex Reserve at all time high



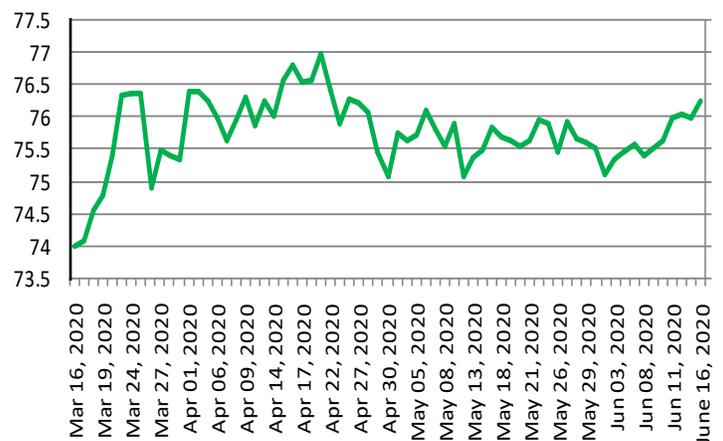
CAD likely to move into positive territory



Trade Deficit likely to narrow



Indian Rupee to remain stable



Disclaimer

Analyst Certification:

We /I, Sutapa Biswas, Research Analyst(s) of Stewart & Mackertich Wealth Management Limited (in short “Stewart & Mackertich/ the Company”), authors and the names subscribed to this Research Report, hereby certify that all of the views expressed in this Research Report accurately reflect our views about the subject issuer(s) or securities and distributed as per SEBI (Research Analysts) Regulations 2014. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this Research Report. It is also confirmed that We/I, the above mentioned Research Analyst(s) of this Research Report have not received any compensation from the subject companies mentioned in the Research Report in the preceding twelve months and do not serve as an officer, director or employee of the subject companies mentioned in the Research Report.

Terms & Conditions and Other Disclosures:

Stewart & Mackertich Wealth Management Ltd is engaged in the business of Stock Broking, Depository Services, Portfolio Management and Distribution of Financial Products. Stewart & Mackertich Wealth Management Ltd is registered as Research Analyst Entity with Securities & Exchange Board of India (SEBI) with Registration Number – INH300001474.

Stewart & Mackertich and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Research Analysts. Stewart & Mackertich generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this Research Report have been prepared by Stewart & Mackertich and are subject to change without any notice. The Research Report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Stewart & Mackertich Wealth Management Ltd. While we would endeavor to update the information herein on a reasonable basis, Stewart & Mackertich is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Stewart & Mackertich from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or policies of Stewart & Mackertich, in circumstances where Stewart & Mackertich might be acting in an advisory capacity to this company, or in certain other circumstances.

Disclaimer

This Research Report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This Research Report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Securities as defined in clause (h) of section 2 of the Securities Contract Act, 1956, includes Financial Instruments, Currency and Commodity Derivatives. Though disseminated to all the customers simultaneously, not all customers may receive this Research Report at the same time. Stewart & Mackertich will not treat recipients as customers by virtue of their receiving this Research Report. Nothing in this Research Report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this Research Report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Stewart & Mackertich accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this Research Report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. The information given in this report is as of date of this report and there can be no assurance that future results or events will be consistent with this information. The information provided in this report remains, unless otherwise stated, the copyright of Stewart & Mackertich. All layout, design, original artwork, concepts and intellectual Properties remains the property and copyright of Stewart & Mackertich and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the Stewart & Mackertich.

Stewart & Mackertich shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, breakdown of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of Stewart & Mackertich to present the data. In no event shall Stewart & Mackertich be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the Stewart & Mackertich through this report.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (a) Exchange Rates can be volatile and are subject to large fluctuations; (b) the value of currencies may be affected by numerous market factors, including world and notional economic, political and regulatory events, events in Equity & Debt Markets and changes in interest rates; and (c) Currencies may be subject to devaluation or government imposed Exchange Controls which could affect the value of the Currency. Investors in securities such as Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Disclaimer

Since associates of Stewart & Mackertich are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this Research Report.

Stewart & Mackertich and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may: (i) from time to time may have long or short positions in, and buy or sell the Securities, mentioned herein or (ii) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the Financial Instruments of the Subject Company/ companies mentioned herein or act as an Advisor or Lender/Borrower to such Companies or have other potential/material Conflict of Interest with respect to any recommendation and related information and opinions at the time of the publication of the Research Report. Or at the time of Public Appearance. Stewart & Mackertich does not have proprietary trades but may at a future date, may opt for the same with prior intimation to Clients/ Investors and extant Authorities where it may have proprietary long/short position in the above Scrip(s) and therefore should be considered as interested. The views provided herein are general in nature and do not consider Risk Appetite or Investment Objective of any particular Investor; Clients/ Readers/ Subscribers of this Research Report are requested to take independent professional advice before investing. The information provided herein should not be construed as invitation or solicitation to do business with Stewart & Mackertich.

Stewart & Mackertich or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the Research Report as of the last day of the month preceding the publication of the Research Report.

Stewart & Mackertich encourages independence in Research Report preparation and strives to minimize conflict in preparation of Research Report. Accordingly, neither Stewart & Mackertich and their Associates nor the Research Analysts and their relatives have any material conflict of interest at the time of publication of this Research Report or at the time of the Public Appearance, if any.

Stewart & Mackertich or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

Stewart & Mackertich or its associates might have received any compensation from the companies mentioned in the Research Report during the period preceding twelve months from the date of this Research Report for services in respect of managing or co-managing public offerings, corporate finance, investment banking, brokerage services or other advisory service in a merger or specific transaction from the subject company.

Stewart & Mackertich or its associates might have received any compensation for products or services other than investment banking or brokerage services from the subject companies mentioned in the Research Report in the past twelve months.

Disclaimer

Stewart & Mackertich or its associates or its Research Analysts did not receive any compensation or other benefits whatsoever from the subject companies mentioned in the Research Report or third party in connection with preparation of the Research Report.

Compensation of Research Analysts is not based on any specific Investment Banking or Brokerage Service Transactions.

The Research Analysts might have served as an officer, director or employee of the subject company.

Neither the Research Analysts nor Stewart & Mackertich have been engaged in market making activity for the companies mentioned in the Research Report.

Stewart & Mackertich may have issued other Research Reports that are inconsistent with and reach different conclusion from the information presented in this Research Report.

A graph of daily closing prices of the securities/commodities is also available at www.nseindia.com and/or www.bseindia.com, www.mcxindia.com and/or www.icex.com.

Stewart & Mackertich submit' s that no material disciplinary action has been taken on the Company by any Regulatory Authority impacting Equity Research Analysis activities in last 3 years.

This Research Report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Stewart & Mackertich and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

For queries related to compliance of the report, please contact: -

Sudipto Datta, Compliance Officer

Stewart & Mackertich Wealth Management Ltd.

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5414 /91 33 6634 5414

Email Id.: compliance@smifs.com | Website: www.smifs.com