



Dollar could see some correction but that may not be a trend reversal

Mumbai, 30 May 2022: As per a report by Emkay Wealth Management titled 'Navigator', the US Dollar could see some correction but that may not be a trend reversal. The interest rate outlook for the Dollar remains positive with the US Fed looking to tighten again to slay the demon of inflation.

The pressure on the Rupee continues unabated due to the strength of the dollar, the exit by FIIs from the domestic market, and the worsening of the trade balance. While the RBI may have nothing against a gradual depreciation of the currency, a sudden depreciation amounting to a speculative attack will be contained by the central bank. A revival in macro-economic conditions, a return of the overseas funds, and an improvement in global trade conditions are required for a revival in the fortunes of the Rupee.

The US Dollar put up a splendid show of strength in the last few months, and it accelerated further in the last three weeks. The Dollar Index moved up to 104.85 earlier in the month, and thereafter, retreated a bit to the 102-103 level. This surge was from the lowest level seen in two months, 100.39 on April 20 22. The big figure has changed in all the majors signifying substantial gains across currencies.

The recent statements from Bank of England on the potential for lower growth and much higher inflation in the UK has created a negative environment because of which Pound Sterling was sold off. The closure of major cities and industrial units in China to prevent the spread of the pandemic has put immense pressure on production, demand and distribution in China. This has weakened the local currency, for the first time in almost a year, the stability in the currency has been lost.

Currency	Aug 21	Sept 21	Oct 21	Nov 21	Dec21	Jan 22	Feb 22	Mar22	Apr 22	May22
US\$/JPY	110.20	110.10	113.20	113.90	113.50	114.45	115.40	118.75	127.90	129.10
US\$/Yuan	6.47	6.45	6.45	6.38	6.36	6.34	6.35	6.34	6.44	6.75
GBP/US\$	1.3860	1.3810	1.3595	1.3410	1.3230	1.3677	1.3535	1.3155	1.3070	1.2480
Euro/US\$	1.1760	1.1785	1.1560	1.1450	1.1290	1.1420	1.1315	1.1025	1.0915	1.0535

About Emkay Wealth Management Ltd

Emkay Wealth is a unit of Emkay Global Financial Services. The company is based out of Mumbai with a diverse clientele and offers services in the areas of Risk Analysis, Asset Allocation, Investment Solutions, Asset Management, Research & Execution, Investment Process, Estate & Succession Planning.

About Emkay Global Financial Services Limited

Emkay Global Financial Services Ltd., headquartered in Mumbai, India, is an integrated securities firm offering a wide range of investment avenues including investment banking, institutional broking, private wealth management, and financial products distribution. Its institutional broking division services clients across all-important global geographies and its research have received recognition from important bodies including Thomson Reuters, Asiamoney, The Wall Street Journal amongst others, over the years.

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