

HDFC securities Retail Research Currency Monthly

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Currency Movements

Currency	29-Jan-21	31-Dec-20	Chg.	% Chg
DXY Index	90.584	89.937	0.647	0.72%
EURUSD	1.214	1.222	-0.008	-0.65%
GBPUSD	1.371	1.367	0.004	0.28%
USDJPY	104.68	103.25	1.430	1.38%
USDINR	72.954	73.070	-0.116	-0.16%
EURINR	88.397	89.760	-1.363	-1.52%
GBPINR	99.719	99.811	-0.092	-0.09%
JPYINR	69.670	70.720	-1.050	-1.48%
1M USDINR NDF	73.160	73.280	-0.120	-0.16%

RBI Reference Rate

Currency	29-Jan-21	31-Dec-20	Chg.	% Chg
USDINR	72.9519	73.0536	-0.1017	-0.14%
EURINR	88.3010	89.7931	-1.4921	-1.66%
GBPINR	100.0151	99.5974	0.4177	0.42%
JPYINR	69.8200	70.8400	-1.0200	-1.44%

India 10 Year G-Sec.

Instrument	29-Jan-21	31-Dec-20	Chg.
GS2030	5.9060	5.8650	0.0410

Rupee at a Tactical Turning Point

- » Indian rupee continued north bound journey in January as well and marked the third weekly and third monthly gains. However, the range remained narrow following low volatility and volume in USDINR. The pair oscillated between 72.90 to 73.50 through the month. Trading momentum switched from dollar to pound, which saws higher in volatility, volume and price swing.
- » **January Month:** Spot USDINR ended the month with loss of 12 paise to 72.95 following massive dollar inflows through FPI and FDI routes. The pair remained under pressure as central bank absorbing dollar inflows and recovery in domestic economic activities.
- » **Fund Inflows:** FPI bought more than \$3 billion in domestic equities and FDI inflows also touched the record number. As per the Ministry of Commerce & Industry, India has total Foreign Direct Investment (FDI) inflow was recorded at \$58.37 billion during April to November, 2020. It is the highest ever for first 8 months of a financial year and 22% higher as compared to first 8 months of 2019-20 (\$47.67 billion).
- » **India Forex Reserves:** India forex kitty up \$4.49 billion to \$585.33 billion in the month of January 2021, this was the 10th month in trot following central bank's aggressive dollar buying.
- » **Technical:** Spot USDINR is at tactical turning point as breaking of 72.70 will lead to further downside while rebound in dollar index could turn the table. One should eye on 72.70 on downside and 73.50 on higher side for clear trend breakout, which likely to be confirmed after RBI policy meeting of February 5.
- » **Month Ahead:** Historically, February is considered to be a month of high volatility following Union Budget and central bank policy meeting. So far as price action is concern, there are 60% chance of spot USDINR falling as 6 out of last 10 year has been given negative return with the swing movement ranging between -1.5% to +2.5%.
- » **Global Markets:** Dollar has had a strong month versus most peers as a changing risk environment restored safe-haven demand for the greenback. The market started digesting the ultra-loose monetary policy as treasuries back above 1% while global equities moved away from all-time high. EURUSD has held above the 1.2100 level but closed month with loss of 0.65%, showing dollar-buying pressures and unencouraging contagion data in Europe. Technical setup of all major pair area at a crucial juncture where make or break decided by crossing upward or downward break of the line. The first week of February will remain crucial for the short-term trader for decision making.

USDINR Continues Future Weekly Chart



Technical Observations:

- » USDINR near month futures has horizontal trend line support at 72.60.
- » The pair closed well below short term and medium term moving averages on weekly chart.
- » Momentum oscillator, Relative Strength Index of 14 weeks period about to give positive cross over and placed below 50 level.
- » Directional Movement Index suggests consolidation as gap between – DI and +DI narrows.
- » The above technical evidences suggest bearish momentum with strong support of 72.60 and breaching of the same will lead to further sell-off while crossing of 74 negate the view.
- » **Monthly Range : 75 to 72**

EURINR Continues Future Weekly Chart



Technical Observations:

- » EURINR near month futures has support of 20 Weeks Moving average and rising trend line support at 88.40.
- » Formation of higher top higher bottom intact on daily and weekly charts, suggesting continuation of up trend.
- » Momentum oscillator, Relative Strength Index of 14 weeks given negative divergence and exited from overbought zone suggesting short term reversal.
- » Looking at the above technical evidences, we recommend cutting long only below 88 levels while higher side we may see resistance around 90.50
- » **Monthly Range : 91 to 85.50**

GBPINR Continues Future Weekly Chart



Technical Observations:

- Bull rides continues in GBPINR futures as it touched new high of the year. Momentum remains on bull side as we can see the higher top higher bottom formation and pair sustaining above short term and long term moving averages.
- Momentum oscillator, RSI stays above sub 60 levels and heading towards overbought zone suggesting continuation of upward trend. Though, there are brighter chance of negative divergence as pair making new high while RSI lagging behind.
- We remain bullish in GBPINR future until it breaks the level of 98 while on higher side above 100.40 we can see 102 level.
- **Monthly Range : 98.00 to 101**

JPYINR Continues Future Weekly Chart



Technical Observations:

- » JPYINR futures broken the short term moving average support on Weekly chart but the momentum remains on positive side till it holds the support of trend line and 55 Weeks Moving Average placed at 69.55.
- » The pair is still in broad range of 69 to 72, the weakness in oscillators hinting for downward movement.
- » Momentum oscillator, RSI of 14 weeks heading towards south with negative cross over and placed below 50.
- » We remain neutral until JPYINR futures breaks the support of 69.55 while higher side also capped around 72.
- » **Monthly Range : 68 to 72.50**

Dollar Index Weekly Chart



- »» Dollar index having descending trend line resistance around 91, the line adjoining high of 103 and 94. It has 20 weeks Moving Average resistance at 91.75 and multiple bottom support around 88.
- »» Momentum oscillators and indicators signaling reversal but price confirmation need for trend reversal.
- »» **Range : 88 to 92**

EURUSD Weekly Chart



- »» Mirroring the Dollar Index, EURUSD has support around 1.1981, the rising trend line and 20 Weeks Moving Average.
- »» Momentum Oscillator, RSI of 14 weeks formed negative divergence following higher high in prices and lower highs in oscillators. One should remain cautious around this level and wait for EURUSD to either break 1.1980 or 1.2350. **Range: 1.19 to 1.24**

GBPUSD Weekly Chart



- »» GBPUSD kicked off 2021 on front foot with marking two and half year high of 1.3750. Technical signals on all time frames remain bullish following higher top –bottom formation.
- »» Momentum oscillators and indicators also heading higher adding strength in uptrend.
- »» **Range : 1.32 to 1.40**

USDJPY Weekly Chart



- »» USDJPY is placed at crucial level of falling trend line resistance of 104.75. It has closed above 20 Weeks Moving averages suggesting short term reversal in the trend which is backed by positive indication from momentum oscillator as well.
- »» Sustainable trade above 104.75 push USDJPY towards 106 level while 102 remains the near term support. **Range : 102 to 106.75**

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Currency Derivative Price Actions

Currency	Monthly High	Monthly Low	Monthly Close	Monthly Chg.	Monthly % Chg.	Open Interest (29 Jan)	Monthly Open Interest Chg.	Volume (29 Jan)	Monthly Volume Chg.
NSE USDINR Future Feb21	73.8475	73.0100	73.1675	-0.2975	-0.40%	3258289	3031631	1338%	2072056
NSE EURINR Future Feb21	90.9800	88.5325	88.7750	-1.3825	-1.53%	137018	108150	375%	159610
NSE GBPINR Future Feb21	101.1200	99.4550	100.1450	-0.0075	-0.01%	178084	149357	520%	450412
NSE JPYINR Future Feb21	71.5200	69.7900	69.8725	-1.3300	-1.87%	37484	35400	1699%	54473
NSE EURUSD Future Feb21	1.2314	1.2074	1.2134	-0.0176	-1.43%	2321	2315	38583%	1128
NSE GBPUSD Future Feb21	1.3785	1.3500	1.3689	0.0024	0.18%	2263	2239	9329%	3312
NSE USDJPY Future Feb21	104.85	103.02	104.69	1.74	1.69%	69	68	6800%	155

Technical Levels

Currency	Resi.2	Resi.1	Pivot	Supt.1	Supt.2	8 DEMA	21 EMA	50 EMA	UPPER BOLL	LOWER BOLL	RSI
NSE USDINR Future Feb21	74.18	73.67	73.34	72.84	72.50	73.27	73.46	73.85	73.77	73.08	36.29
NSE EURINR Future Feb21	91.88	90.33	89.43	87.88	86.98	88.93	89.30	89.42	90.64	88.23	37.55
NSE GBPINR Future Feb21	101.91	101.03	100.24	99.36	98.58	100.19	100.06	99.61	100.59	99.63	51.99
NSE JPYINR Future Feb21	72.12	71.00	70.39	69.27	68.66	70.42	70.74	71.05	71.52	70.05	28.63
NSE EURUSD Future Feb21	1.2414	1.2274	1.2174	1.2034	1.1934	1.2138	1.2161	1.2117	1.2336	1.2036	47.04
NSE GBPUSD Future Feb21	1.3943	1.3816	1.3658	1.3531	1.3373	1.3677	1.3628	1.3500	1.3756	1.3529	56.03
NSE USDJPY Future Feb21	106.02	105.35	104.19	103.52	102.36	104.03	103.82	103.92	104.67	102.72	63.72

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NAME	CLOSE	1 DAY (%)	5 DAY (%)	1 MONTH (%)	3 MONTH (%)	6 MONTH (%)	YTD (%)
DOLLAR INDEX SPOT	90.584	0.14	0.38	0.72	(3.59)	(3.07)	0.72
Euro Spot	1.2136	0.12	(0.29)	(0.65)	3.96	2.92	(0.65)
British Pound Spot	1.3708	(0.09)	0.16	0.28	6.02	5.47	0.28
Japanese Yen Spot	104.68	(0.42)	(0.86)	(1.37)	(0.07)	0.23	(1.37)
Indian Rupee Spot	72.9538	0.12	0.03	0.16	1.58	2.53	0.16
Brazilian Real Spot	5.4715	(0.56)	(0.02)	(5.08)	5.63	(5.50)	(5.08)
Australian Dollar Spot	0.7644	(0.51)	(0.92)	(0.65)	8.75	6.34	(0.65)
South Korean Won Spot	1118.6	0.09	(1.37)	(2.87)	1.14	6.67	(2.87)
S. African Rand Spot	15.1609	0.34	(0.09)	(3.08)	8.16	9.11	(3.08)
Canadian Dollar Spot	1.2777	0.41	(0.34)	(0.41)	4.29	4.41	(0.41)
Swiss Franc Spot	0.8903	(0.17)	(0.53)	(0.57)	2.80	2.50	(0.57)
China Renminbi Spot	6.4283	0.33	0.83	1.54	4.46	8.92	1.54
Indonesian Rupiah Spot	14030	0.34	0.04	0.14	4.24	3.66	0.14
Gold Spot \$/Oz	1847.65	0.24	(0.43)	(2.67)	(1.07)	(6.25)	(2.67)
Silver Spot \$/Oz	26.9872	1.83	5.86	2.22	16.03	11.02	2.22
WTI CRUDE FUTURE Mar21	52.2	(0.27)	(0.13)	7.34	40.13	22.39	7.34
Nifty 50	13634.6	(1.32)	(6.55)	(2.48)	17.11	23.13	(2.48)
S&P BSE SENSEX INDEX	46285.8	(1.26)	(6.73)	(3.07)	16.84	23.08	(3.07)
DOW JONES INDUS. AVG	29982.6	(2.03)	(3.27)	(2.04)	13.14	13.45	(2.04)
S&P 500 INDEX	3714.2	(1.93)	(3.31)	(1.11)	13.59	13.55	(1.11)
NASDAQ COMPOSITE	13070.7	(2.00)	(3.49)	1.42	19.79	21.64	1.42
FTSE 100 INDEX	6407.5	(1.82)	(4.30)	(0.82)	14.89	8.64	(0.82)
CAC 40 INDEX	5399.2	(2.02)	(2.88)	(2.74)	17.52	12.87	(2.74)
DAX INDEX	13432.9	(1.71)	(3.18)	(2.08)	16.24	9.09	(2.08)
NIKKEI 225	27663.4	(1.89)	(3.38)	0.80	20.40	27.42	0.80
HANG SENG INDEX	28283.7	(0.94)	(3.95)	3.87	17.32	15.00	3.87
SHANGHAI SE COMPOSITE	3483.1	(0.63)	(3.43)	0.29	8.02	5.23	0.29

Economic Calendar : February 2021

Monday	Tuesday	Wednesday	Thursday	Friday
1 February	2 February	3 February	4 February	5 February
Japan, China, India, EU, UK, US : Manufacturing PMI India Union Budget US : ISM Mfg.	EU : GDP (4Q A)	Japan, China, India, EU, UK, US : Service PMI EU: CPI US: ADP Emp. Change	EU: Retail Sales UK: BoE Policy US: Initial & continues Jobless claims, Durable Goods & Factory Order	India : RBI Policy US: Unemployment, Change in Non-farm payroll, Trade Balance
8 February	9 February	10 February	11 February	12 February
Japan: Balance of Payment	US: JOLTS Job Openings	China: CPI UK: IIP, Trade Balance, GDP US: CPI,	China: Lunar New Year Japan: Nat. Foundation Holiday US: Initial & continues Jobless claims, Monthly Budget Statement	China: Lunar New Year EU : IIP India: IIP, CPI US: Univ. Mich. Sentiment
15 February	16 February	17 February	18 February	19 February
China: Lunar New Year US: Presidents' Holiday Japan: GDP, IIP EU: Trade Balance India: Trade Balance, WPI	China: Lunar New Year EU: GDP(4Q P), ZEW survey US: Empire Mfg.	China: Lunar New Year Japan: Trade Balance UK: CPI, HPI US: IIP, FOMC Minutes	EU: CPI (Jan F), US: Building Permits, Housing Starts, Initial & Continues Jobless	Japan: CPI UK: Public Finance EU: ECB CA
22 February	23 February	24 February	25 February	26 February
US: Leading Index, Dallas Fed Mfg. Activity	Japan: Emperors' Birthday China: New Home Price UK: ILO Employment US : House PPI, Rich. Fed Mfg.Ind.	US: New Home Sales, MBA Mort. Appl.	EU: Consumer Confidence US: Durable Goods, Initial & Continues Jobless Claims, GDP , Core PCE, Pending Home Sales	Japan: IIP(Jan P) India: Fiscal Deficit, GDP, Eight Core Infra US: Personal Income-Spending, PCE Core

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