

# CURRENCY REPORT

KEDIA ADVISORY

Monday, February 1, 2021

## Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Feb 2021	73.19	73.26	73.15	73.17	↓ -0.15	3258289	11.25	2072056	73.20
EUR-INR	Feb 2021	88.72	88.79	88.53	88.78	↑ 0.06	137018	2.28	159610	88.65
GBP-INR	Feb 2021	100.31	100.38	99.94	100.15	↑ 0.02	178084	-1.36	450412	100.17
JPY-INR	Feb 2021	70.09	70.13	69.79	69.87	↓ -0.59	37484	48.89	54473	69.98

## Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2136	1.2143	1.2118	1.2127	↓ -0.08
EURGBP	0.8856	0.8862	0.8832	0.8834	↓ -0.26
EURJPY	127.09	127.25	126.86	126.97	↓ -0.09
GBPJPY	143.40	143.75	143.35	143.72	↑ 0.22
GBPUSD	1.3695	1.3729	1.3690	1.3726	↑ 0.19
USDJPY	104.71	104.81	104.57	104.70	↓ -0.01

## Economical Data

TIME	ZONE	DATA
12:30pm	EUR	German Retail Sales m/m
1:45pm	EUR	Spanish Manufacturing PMI
2:15pm	EUR	Italian Manufacturing PMI
2:20pm	EUR	French Final Manufacturing PMI
2:25pm	EUR	German Final Manufacturing PMI
2:30pm	EUR	Final Manufacturing PMI
2:30pm	EUR	Italian Monthly Unemployment Rate
3:30pm	EUR	Unemployment Rate
8:15pm	USD	Final Manufacturing PMI
8:30pm	USD	ISM Manufacturing PMI
8:30pm	USD	Construction Spending m/m
8:30pm	USD	ISM Manufacturing Prices

## Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5444.0	↓ -1.21	Gold\$	1855.1	↑ 0.40
DAX	13502.2	↓ -1.20	Silver\$	28.4	↑ 5.24
DJIA	30603.4	↑ 0.99	Crude\$	52.2	↓ -0.38
FTSE 100	7586.8	↓ -0.78	Copper \$	7851.0	↑ 0.48
HANG SENG	27777.8	↓ -1.31	Aluminium \$	1991.0	↑ 0.71
KOSPI	2029.5	↓ -0.23	Nickel\$	17810.0	↑ 0.79
NASDAQ	13337.2	↑ 0.50	Lead\$	2028.5	↑ 0.22
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2600.0	↑ 1.13

## Commodity Update

## FII/FPI trading activity on BSE, NSE in Capital Market Segment (In Rs. Cr)

Category	Date	Buy Value	Sell Value	Net Value
FII/FPI	29/01/2021	11,875.01	17,805.67	-5,930.66

## DII trading activity on BSE, NSE & MCX-SX in Capital Market Segment

Category	Date	Buy Value	Sell Value	Net Value
DII	29/01/2021	7,582.45	5,139.25	2,443.20

## Spread

Currency	Spread
NSE-CUR USDINR FEB-MAR	0.29
NSE-CUR EURINR FEB-MAR	0.36
NSE-CUR GBPINR FEB-MAR	0.42
NSE-CUR JPYINR FEB-MAR	0.28

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## NSE-CUR USDINR Feb 2021



	Open	High	Low	Close
	73.19	73.26	73.15	73.17
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.23	73.30	73.34	
	Support 1	Support 2	Support 3	
	73.12	73.08	73.01	
Net Change	% Change	Open Interest	Volume	
-0.11	-0.15	3258289	2072056	

## Trading Ideas for the Day

- # USDINR trading range for the day is 73.08-73.3.
- # USDINR ended with losses as pressure seen after India's real gross domestic product GDP is expected to grow by 11.5 percent in FY22
- # Economic Survey 2021 pegs India's GDP growth at 11.5% in FY22
- # For FY21, the economy is expected to contract by 7.7 percent, the survey said.

## Market Snapshot

USDINR yesterday settled down by -0.15% at 73.1675 as pressure seen after India's real gross domestic product GDP is expected to grow by 11.5 percent in FY22, making it one of the world's fastest growing economies in the aftermath of the COVID-19 pandemic, said the Economic Survey 2020-21 tabled in Parliament on January 29. For FY21, the economy is expected to contract by 7.7 percent, the survey said. This is in-line with the estimates of the Reserve Bank of India (7.5 percent contraction), and the National Statistical Office (7.7 percent contraction). For the first half of FY22, the RBI had forecast a real GDP growth rate of 14.2 percent. "Real growth rate for FY21 is taken as -7.7 per cent (MoSPI) and real growth rate for FY22 is assumed as 11.5 per cent based on the IMF estimates," the survey said. "Despite the hard-hitting economic shock created by the global pandemic, India is witnessing a V-shaped recovery with a stable macroeconomic situation aided by a stable currency, comfortable current account, burgeoning forex reserves, and encouraging signs in the manufacturing sector output," said the survey. The moves in foreign exchange markets were measured, with the dollar still within recent trading ranges, but the buying of dollars underscored that concerns about the wild swings in stock prices was felt across markets. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.9519 Technically market is under fresh selling as market has witnessed gain in open interest by 11.25% to settled at 3258289 while prices down -0.11 rupees, now USDINR is getting support at 73.12 and below same could see a test of 73.08 levels, and resistance is now likely to be seen at 73.23, a move above could see prices testing 73.3.

# CURRENCY REPORT

KEDIA ADVISORY

Monday, February 1, 2021

## NSE-CUR EURINR Feb 2021



	Open	High	Low	Close
	88.72	88.79	88.53	88.78
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		88.87	88.96	89.13
		Support 1	Support 2	Support 3
	88.61	88.44	88.35	
Net Change	% Change	Open Interest	Volume	
0.06	0.06	137018	159610	

## Trading Ideas for the Day

- # EURINR trading range for the day is 88.44-88.96.
- # Euro traded in range as dollar remained on the back foot as risk sentiment improved after data showed that U.S. jobless claims fell in the latest week
- # Germany's consumer price inflation turned positive in January for the first time in seven months
- # Eurozone economic sentiment weakened in January driven by sliding confidence in retail trade and services

## Market Snapshot

EURINR yesterday settled up by 0.06% at 88.775 as dollar remained on the back foot as risk sentiment improved after data showed that U.S. jobless claims fell in the latest week, while dire gross domestic product figures met expectations. The U.S. economy contracted at its sharpest pace since World War Two in 2020 as COVID-19 ravaged services businesses like restaurants and airlines, throwing millions of Americans out of work and into poverty. The greenback was boosted by safety buying earlier in week on concerns that U.S. fiscal stimulus will not be as large as originally hoped, and due to the continuing spread of COVID-19 as countries struggle to roll out vaccines. Germany's consumer price inflation turned positive in January for the first time in seven months, flash data from Destatis showed. The consumer price index rose 1.0 percent year-on-year after a 0.3 percent fall in December. In January, inflation was influenced by the increase in VAT rates and by other factors such as CO2 prices and the increase in the statutory minimum wage from January 2021, Destatis said. Eurozone economic sentiment weakened in January driven by sliding confidence in retail trade and services as Covid-19 containment measures remain in place, survey results from the European Commission showed. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.301 Technically market is under fresh buying as market has witnessed gain in open interest by 2.28% to settled at 137018 while prices up 0.055 rupees, now EURINR is getting support at 88.61 and below same could see a test of 88.44 levels, and resistance is now likely to be seen at 88.87, a move above could see prices testing 88.96.

# CURRENCY REPORT

KEDIA ADVISORY

Monday, February 1, 2021

## NSE-CUR GBPINR Feb 2021



	Open	High	Low	Close
	100.31	100.38	99.94	100.15
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		100.37	100.60	100.81
		Support 1	Support 2	Support 3
	99.93	99.72	99.49	
Net Change	% Change	Open Interest	Volume	
	0.03	0.02	178084	450412

## Trading Ideas for the Day

- # GBPINR trading range for the day is 99.72-100.6.
- # GBP traded in range as Britain's faster COVID-19 vaccine rollout than in the European Union offered support to the pound.
- # Although Britain's deaths from the coronavirus pandemic passed 100,000, its faster initial vaccine rollout has fuelled hopes for economic recovery.
- # Hopes for a large U.S. fiscal stimulus package has fuelled risk sentiment in markets in recent weeks, benefiting sterling.

## Market Snapshot

GBPINR yesterday settled up by 0.02% at 100.145 traded in range as Britain's faster COVID-19 vaccine rollout than in the European Union offered support to the pound. Although Britain's deaths from the coronavirus pandemic passed 100,000, its faster initial vaccine rollout has fuelled hopes for economic recovery. Hopes for a large U.S. fiscal stimulus package has fuelled risk sentiment in markets in recent weeks, benefiting sterling. After U.S. data lent credence to the Fed's rates caution, the Feb. 4 BoE meeting is the next significant sterling event risk, and policymakers' ability to further allay UK negative rate sentiment could embolden bulls for a run at April 2018 weekly highs by 1.403. The UK unemployment rate rose to a four-year high and the employment rate continued to decline in the three months to November as the second wave of the Covid-19 pandemic added pressure on economic activity. The jobless rate rose 0.6 percentage points from the previous quarter to 5 percent in three months to November, labor force survey results from the Office for National Statistics showed. The UK unemployment rate increased and the employment rate continued to decline in three months to November, labor force survey results from the Office for National Statistics showed. The jobless rate rose 0.6 percentage points from the previous quarter to 5 percent in three months to November. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 100.0151. Technically market is under short covering as market has witnessed drop in open interest by -1.36% to settled at 178084 while prices up 0.025 rupees, now GBPINR is getting support at 99.93 and below same could see a test of 99.72 levels, and resistance is now likely to be seen at 100.37, a move above could see prices testing 100.6.

# CURRENCY REPORT

KEDIA ADVISORY

Monday, February 1, 2021

## NSE-CUR JPYINR Feb 2021



	Open	High	Low	Close
	70.09	70.13	69.79	69.87
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	70.07	70.27	70.41	
	Support 1	Support 2	Support 3	
	69.73	69.59	69.39	
Net Change	% Change	Open Interest	Volume	
	-0.42	-0.59	37484	54473

## Trading Ideas for the Day

- # JPYINR trading range for the day is 69.59-70.27.
- # JPY dropped following the release of weak economic data, and linger concerns over the coronavirus crisis.
- # Industrial production in Japan dropped a seasonally adjusted 1.6 percent on month in December
- # The unemployment rate in Japan was a seasonally adjusted 2.9 percent in December

## Market Snapshot

JPYINR yesterday settled down by -0.59% at 69.8725 following the release of weak economic data, and linger concerns over the coronavirus crisis. The Japanese government is trying to contain the coronavirus, which comes within Prime Minister Yoshihide Suga's efforts to fulfil his pledges after he recently took office. Industrial production in Japan dropped a seasonally adjusted 1.6 percent on month in December, the Ministry of Economy, Trade and Industry said. That missed forecasts for a decline of 1.5 percent following the 0.5 percent fall in November. On a yearly basis, industrial production sank 3.2 percent - beating forecasts for a decline of 3.3 percent after the 3.9 percent drop in the previous month. The unemployment rate in Japan was a seasonally adjusted 2.9 percent in December, the Ministry of Internal Affairs and Communications said. That was unchanged from the November reading but was shy of forecasts for 3.0 percent. The job-to-applicant ratio was 1.06 - unchanged and in line with expectations. The US Federal Reserve decided to hold the interest rate unchanged between zero and 0.25%, and also kept the size of its monthly bond purchases program at \$120 billion. Fed Chairman Jerome Powell stated that the pace of recovery in economic activity and job creation has moderated in recent months due to the rising Covid-19 infections in the country. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 69.82. Technically market is under fresh selling as market has witnessed gain in open interest by 48.89% to settled at 37484 while prices down -0.415 rupees, now JPYINR is getting support at 69.73 and below same could see a test of 69.59 levels, and resistance is now likely to be seen at 70.07, a move above could see prices testing 70.27.

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## NEWS YOU CAN USE

# India's real gross domestic product (GDP) is expected to grow by 11.5 percent in FY22, making it one of the world's fastest growing economies in the aftermath of the COVID-19 pandemic, said the Economic Survey 2020-21 tabled in Parliament on January 29. For FY21, the economy is expected to contract by 7.7 percent, the survey said. This is in-line with the estimates of the Reserve Bank of India (7.5 percent contraction), and the National Statistical Office (7.7 percent contraction). For the first half of FY22, the RBI had forecast a real GDP growth rate of 14.2 percent. "Real growth rate for FY21 is taken as -7.7 per cent (MoSPI) and real growth rate for FY22 is assumed as 11.5 per cent based on the IMF estimates," the survey said. "Despite the hard-hitting economic shock created by the global pandemic, India is witnessing a V-shaped recovery with a stable macroeconomic situation aided by a stable currency, comfortable current account, burgeoning forex reserves, and encouraging signs in the manufacturing sector output," said the survey.

# India is likely to double health spending in the next fiscal year with the aim of raising expenditure in the sector to 4% of gross domestic output in the coming four years, as the country looks to fix its health system after the coronavirus pandemic. India's path to economic recovery will be stronger than previously thought as fiscal expansion and vaccine hopes help the country heal from COVID-19. The world's second-most populous country has begun a huge vaccination drive and a steep fall in new coronavirus cases over the past few months is supporting a recovery in Asia's third-largest economy. The Reserve Bank of India, which has slashed its main repo rate by 115 basis points since March 2020 to cushion the shock from the coronavirus crisis, was expected to keep its benchmark lending rate at 4.0% through at least 2023. That was a shift in expectations from a survey taken two months back when a 25 basis point cut to 3.75% was predicted in the April-June period. India's government will focus on fiscal expansion in next week's budget and revise its borrowing target higher for the 2021/22 fiscal year, prompted by the expected economic slowdown and weak jobs growth. Government borrowing has ballooned due to pandemic spending while revenues have severely dampened.

# Global economy is set to expand at a faster rate this year than expected earlier as vaccination against the coronavirus could strengthen activity later this year, underpinned by further policy support, the International Monetary Fund said. In its latest World Economic Outlook report, the lender raised the global growth forecast for this year to 5.5 percent from 5.2 percent seen in October. World economic growth is projected at 4.2 percent in 2022. The IMF estimated 3.5 percent contraction in global growth in 2020, which was better than the 4.4 percent shrinkage seen in October. The revision reflects the stronger-than-expected momentum in the second half of 2020, the lender said. "There remains tremendous uncertainty and prospects vary greatly across countries," IMF Chief Economist Gita Gopinath said. The latest forecast reflect expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies, the IMF said. Further, access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis could lead to significant variations in the strength of the recovery across countries, the report added.

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