

CURRENCY REPORT

KEDIA ADVISORY

Tuesday, February 2, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Feb 2021	73.16	73.37	73.06	73.32	↑ 0.21	3110829	-4.53	2729835	73.23
EUR-INR	Feb 2021	88.75	88.94	88.51	88.56	↓ -0.24	123136	-10.13	141030	88.69
GBP-INR	Feb 2021	100.20	100.68	100.20	100.49	↑ 0.35	238617	33.99	453908	100.48
JPY-INR	Feb 2021	69.89	70.09	69.83	69.91	↑ 0.05	30928	-17.49	47577	69.94

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2063	1.2088	1.2058	1.2084	↑ 0.18
EURGBP	0.8826	0.8829	0.8817	0.8824	↓ -0.01
EURJPY	126.57	126.77	126.44	126.76	↑ 0.16
GBPJPY	143.40	143.64	143.32	143.63	↑ 0.15
GBPUSD	1.3663	1.3696	1.3660	1.3691	↑ 0.20
USDJPY	104.92	104.95	104.80	104.89	↓ -0.03

Economical Data

TIME	ZONE	DATA
1:15pm	EUR	French Prelim CPI m/m
1:30pm	EUR	Spanish Unemployment Change
2:30pm	EUR	Italian Prelim GDP q/q
3:30pm	EUR	Prelim Flash GDP q/q
Tentative	USD	IBD/TIPP Economic Optimism
All Day	USD	Wards Total Vehicle Sales

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5476.0	↑	Gold\$	1862.1	↑ 0.09
DAX	13632.1	↑	Silver\$	28.6	↓ -1.40
DJIA	29982.6	↓	Crude\$	53.1	↑ 2.59
FTSE 100	7586.8	↓	Copper \$	7838.0	↑ 0.20
HANG SENG	27777.8	↓	Aluminium \$	1970.5	↑ 0.51
KOSPI	2029.5	↓	Nickel\$	17865.0	↓ -0.08
NASDAQ	13070.7	↓	Lead\$	2026.0	↓ -0.34
NIKKEI 225	21521.5	↓	Zinc\$	2579.5	↑ 0.17

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	1/2/2021	10,168.32	8,674.09	1,494.23

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

Category	Date	Buy Value	Sell Value	Net Value
DII	1/2/2021	6,603.46	6,693.92	-90.46

Spread

Currency	Spread
NSE-CUR USDINR FEB-MAR	0.29
NSE-CUR EURINR FEB-MAR	0.38
NSE-CUR GBPINR FEB-MAR	0.35
NSE-CUR JPYINR FEB-MAR	0.28

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NSE-CUR USDINR Feb 2021



	Open	High	Low	Close
	73.16	73.37	73.06	73.32
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		73.44	73.56	73.75
		Support 1	Support 2	Support 3
	73.13	72.94	72.82	
Net Change	% Change	Open Interest	Volume	
0.16	0.21	3110829	2729835	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.94-73.56.
- # USDINR gained after the government, announced plans to raise additional funds from the market over the next two months to bridge a deficit
- # India's finance minister, Nirmala Sitharaman, set a fiscal deficit target of 6.8% of GDP for the year ending March 2022
- # India's Jan factory activity at 3-mth high, manufacturing PMI rises to 57.7

Market Snapshot

USDINR yesterday settled up by 0.21% at 73.3225 after the government, in its annual budget presentation, announced plans to raise additional funds from the market over the next two months to bridge a deficit, even on promises of reviving economic growth. India's finance minister, Nirmala Sitharaman, set a fiscal deficit target of 6.8% of GDP for the year ending March 2022, while for the current financial year it is estimated to jump to 9.5% - nearly thrice the government's target of 3.5% set before the pandemic struck. India's factory activity expanded at its strongest pace in three months in January, fuelled by a continued recovery in demand and output, according to a private survey which also showed firms cut jobs at the slowest pace in 10 months. The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, rose to 57.7 in January from December's 56.4, above the 50-level separating growth from contraction for the sixth straight month. Sub indexes tracking new orders and output rose to their highest since October, indicating strong growth in demand. Still, firms reduced headcount for the tenth month in a row, although the rate of job cuts was the weakest in the current 10-month contraction. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 73.0189. Technically market is under short covering as market has witnessed drop in open interest by -4.53% to settled at 3110829 while prices up 0.155 rupees, now USDINR is getting support at 73.13 and below same could see a test of 72.94 levels, and resistance is now likely to be seen at 73.44, a move above could see prices testing 73.56.

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NSE-CUR EURINR Feb 2021



	Open	High	Low	Close
	88.75	88.94	88.51	88.56
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		88.83	89.10	89.26
		Support 1	Support 2	Support 3
	88.40	88.24	87.97	
Net Change	% Change	Open Interest	Volume	
	-0.22	-0.24	123136	141030

Trading Ideas for the Day

- # EURINR trading range for the day is 88.24-89.1.
- # Euro dropped as dollar found support with traders remaining wary amid the battle on Wall Street between hedge funds and retail investors.
- # The ECB and the Eurosystem have many excellent monetary economists, so everything is considered at some level, Lane told.
- # ECB's Knot: stock market rally could be fuelled by recovery hopes

Market Snapshot

EURINR yesterday settled down by -0.24% at 88.56 as dollar found support with traders remaining wary amid the battle on Wall Street between hedge funds and retail investors. The European Central Bank's chief economist Philip Lane played down the prospect of the ECB buying stocks or bank bonds as part of its pandemic-fighting efforts. "The ECB and the Eurosystem have many excellent monetary economists, so everything is considered at some level," Lane told. "But these measures are not part of our current toolbox. Our active toolbox is a combination of our short term rates, asset purchases, targeted lending and our forward guidance." The continuing rise of stock markets worldwide could be the result of growing hopes of economic recovery, and does not necessarily mean that prices are overly inflated, European Central Bank governing council member Klaas Knot said. Knot said he was "cautiously optimistic" on the chances for economic recovery later in the year, as COVID-19 vaccinations could enable countries to end lockdowns. The European Central Bank will stress-test 38 banks covering 70% of euro area's banking assets this year as part of a European Union-wide health check of lenders, it said in a statement. The exercise, coordinated by the European Banking Authority, replaces the 2020 stress test, which was postponed due to the coronavirus pandemic. "The results will shed light on the impact of adverse shocks on banks' resilience under challenging macroeconomic conditions," the ECB said. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.5812. Technically market is under long liquidation as market has witnessed drop in open interest by -10.13% to settled at 123136 while prices down -0.215 rupees, now EURINR is getting support at 88.4 and below same could see a test of 88.24 levels, and resistance is now likely to be seen at 88.83, a move above could see prices testing 89.1.

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NSE-CUR GBPINR Feb 2021



	Open	High	Low	Close
	100.20	100.68	100.20	100.49
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		100.72	100.95	101.21
		Support 1	Support 2	Support 3
	100.23	99.97	99.74	
Net Change	% Change	Open Interest	Volume	
	0.35	0.35	238617	453908

Trading Ideas for the Day

- # GBPINR trading range for the day is 99.97-100.95.
- # GBP gained boosted by a combination of heightened global risk appetite and optimism about the UK's vaccine rollout.
- # The possibility of the Bank of England cutting rates presents another downside risk for the pound
- # UK retailers report biggest annual price falls since May

Market Snapshot

GBPINR yesterday settled up by 0.35% at 100.4925 boosted by a combination of heightened global risk appetite and optimism about the UK's vaccine rollout. Britain has the world's fifth highest death toll from COVID-19 and Prime Minister Boris Johnson has indicated that the strict COVID-19 lockdown in England will last until March 8. The possibility of the Bank of England cutting rates presents another downside risk for the pound. Britain said that it must receive all of the COVID-19 vaccines it had ordered and paid for, after some European Union politicians asked drugmaker AstraZeneca to divert doses from the UK to make up for a shortfall in supplies. British retailers reported the biggest annual fall in prices since May this month, adding to signs of pressure on the sector since non-essential stores had to close to the public from Jan. 5 as part of renewed COVID lockdown measures. The British Retail Consortium, a trade body, said that its members saw average prices fall by 2.2% in January compared with a year earlier, the largest such fall since the depths of Britain's first lockdown in May. Food prices rose by 0.2%, the smallest increase since January 2017, and non-food prices dropped by 3.6%. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 100.3586 Technically market is under fresh buying as market has witnessed gain in open interest by 33.99% to settled at 238617 while prices up 0.3475 rupees, now GBPINR is getting support at 100.23 and below same could see a test of 99.97 levels, and resistance is now likely to be seen at 100.72, a move above could see prices testing 100.95.

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NSE-CUR JPYINR Feb 2021



	Open	High	Low	Close
	69.89	70.09	69.83	69.91
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	70.06	70.21	70.33	
	Support 1	Support 2	Support 3	
	69.79	69.67	69.52	
Net Change	% Change	Open Interest	Volume	
0.04	0.05	30928	47577	

Trading Ideas for the Day

- # JPYINR trading range for the day is 69.67-70.21.
- # JPY remained in range after the release of better than expected economic data
- # Japan's unemployment rate steadied at 2.9% in December, while industrial production fell 1.6% in December
- # Japan's housing starts declined further in December

Market Snapshot

JPYINR yesterday settled up by 0.05% at 69.9075 after the release of better than expected economic data. Japan's unemployment rate steadied at 2.9% in December, while industrial production fell 1.6% in December, compared to a 0.5% drop in November. Investors are focused on the latest developments in the coronavirus crisis, as the number of infections rose to over 100 million cases worldwide, and the death toll surpassed 2 million and 160 thousand victims. The American company Johnson & Johnson's announced that its new Covid-19 vaccine will be given in only one shot instead of two like other vaccines. However, the company stressed that the vaccine is only effective by 66%, which disappointed many. Japan's housing starts declined further in December, data from the Ministry of Land, Infrastructure, Transport and Tourism showed. Housing starts declined 9.0 percent year-on-year in December, following 3.7 percent fall in November. Annualized housing starts fell to 784,000 in December from 819,000 in the previous month. The manufacturing sector in Japan fell into contraction in January, the latest survey from Jibun Bank showed with a PMI score of 49.8. That's down from 50 in December, which was right on the line that separated expansion from contraction. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 69.75. Technically market is under short covering as market has witnessed drop in open interest by -17.49% to settled at 30928 while prices up 0.035 rupees, now JPYINR is getting support at 69.79 and below same could see a test of 69.67 levels, and resistance is now likely to be seen at 70.06, a move above could see prices testing 70.21.

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NEWS YOU CAN USE

India's factory activity expanded at its strongest pace in three months in January, fuelled by a continued recovery in demand and output, according to a private survey which also showed firms cut jobs at the slowest pace in 10 months. The Nikkei Manufacturing Purchasing Managers' Index , compiled by IHS Markit, rose to 57.7 in January from December's 56.4, above the 50-level separating growth from contraction for the sixth straight month. Sub indexes tracking new orders and output rose to their highest since October, indicating strong growth in demand. Still, firms reduced headcount for the tenth month in a row, although the rate of job cuts was the weakest in the current 10-month contraction. Meanwhile, an increase in input prices at their fastest pace since Sept. 2018 forced firms to raise output prices at the strongest rate in more than a year, raising the chance of overall inflation remaining above the Reserve Bank of India's medium-term target of 4%. Despite higher inflation, the RBI is not expected to change its accommodative stance anytime soon.

China's factory activity expanded at the slowest pace in seven months at the start of 2021, weighed down by falling export orders amid a surging global pandemic and rising costs, a business survey showed. The slowdown in the manufacturing sector underscores the fragility of the ongoing economic recovery in China, as Beijing grapples with a resurgence of local COVID-19 cases in northern China and navigates rising tensions with Washington and its allies. The Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) dropped to 51.5 last month, the lowest level since June last year and easing markedly from December's reading of 53.0. The 50-mark separates growth from contraction on a monthly basis. The survey broadly aligned with Beijing's official PMI, which showed the recovery in factory activity slowing as COVID-19 cases rose. A sub-index for production in the Caixin/Markit PMI dropped to 52.5 in January, the slowest pace of expansion since April last year, while another sub-index for new orders fell to 52.2, the lowest since June. In particular, export orders plunged back into contraction in January, ending a five-month growth streak as the surging global pandemic suppressed foreign demand.

Japan is expected to extend a state of emergency to fight the spread of COVID-19 this week for Tokyo and other areas as hospitals remain under pressure despite a decline in cases from their peaks, local media reported. The government will decide on the extension after a meeting of its experts panel this week, public broadcaster NHK said. The government last month declared a one-month state of emergency, due to end on Sunday, for 11 areas, including Tokyo and its neighbouring prefectures, as part of measures to rein in the pandemic. Prime Minister Yoshihide Suga has launched a raft of measures to contain a third wave of infections as his government remains determined that the Olympics go ahead as planned on July 23. But support for his administration has weakened over unhappiness with its handling of the coronavirus pandemic, which critics have called too slow and inconsistent. The government may also consider lifting the state of emergency in some less-populated areas such as Tochigi Prefecture, which has seen a decline in cases. Separately, the lower house is expected to pass a revision to the coronavirus special measures law, followed by upper house approval on Wednesday, NHK said. The revision would toughen regulations and allow authorities to levy fines on those who break the law.

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