

CURRENCY REPORT

KEDIA ADVISORY

Friday, February 5, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Feb 2021	73.12	73.17	73.02	73.15	↑ 0.03	3080836	7.16	1759017	73.10
EUR-INR	Feb 2021	87.94	87.96	87.63	87.78	↓ -0.25	135402	-0.06	132732	87.79
GBP-INR	Feb 2021	99.70	99.70	99.26	99.38	↓ -0.42	179174	1.64	373437	99.42
JPY-INR	Feb 2021	69.59	69.63	69.47	69.52	↓ -0.24	36562	0.62	32832	69.54

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.1962	1.1972	1.1960	1.1965	↑ 0.02
EURGBP	0.8751	0.8754	0.8741	0.8745	↓ -0.06
EURJPY	126.24	126.40	126.18	126.24	→ 0.00
GBPJPY	144.21	144.51	144.13	144.34	↑ 0.09
GBPUISD	1.3667	1.3690	1.3661	1.3681	↑ 0.11
USDJPY	105.53	105.66	105.43	105.51	↓ -0.02

Economical Data

TIME	ZONE	DATA
12:30pm	EUR	German Factory Orders m/m
1:15pm	EUR	French Prelim Private Payrolls q/q
1:15pm	EUR	French Trade Balance
2:30pm	EUR	Italian Retail Sales m/m
7:00pm	USD	Average Hourly Earnings m/m
7:00pm	USD	Non-Farm Employment Change
7:00pm	USD	Unemployment Rate
7:00pm	USD	Trade Balance

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5586.9	↑ 0.43	Gold\$	1796.4	↑ 0.15
DAX	13985.9	↑ 0.38	Silver\$	26.3	↓ -0.12
DJIA	30723.6	↑ 0.12	Crude\$	56.5	↑ 0.97
FTSE 100	7586.8	↓ -0.78	Copper \$	7852.0	↑ 0.48
HANG SENG	27777.8	↓ -1.31	Aluminium \$	2002.0	↑ 0.38
KOSPI	2029.5	↓ -0.23	Nickel\$	17790.0	↑ 1.02
NASDAQ	13610.5	↓ -0.02	Lead\$	2040.5	↑ 0.22
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2638.5	↓ -0.02

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	4/2/2021	11,826.54	9,889.80	1,936.74

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

Category	Date	Buy Value	Sell Value	Net Value
DII	4/2/2021	6,314.21	7,082.76	-768.55

Spread

Currency	Spread
NSE-CUR USDINR FEB-MAR	0.29
NSE-CUR EURINR FEB-MAR	0.38
NSE-CUR GBPINR FEB-MAR	0.41
NSE-CUR JPYINR FEB-MAR	0.28

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NSE-CUR USDINR Feb 2021



	Open	High	Low	Close
	73.12	73.17	73.02	73.15
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		73.20	73.25	73.34
		Support 1	Support 2	Support 3
	73.06	72.97	72.92	
Net Change	% Change	Open Interest	Volume	
0.02	0.03	3080836	1759017	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.97-73.25.
- # USDINR traded in range as pessimism about the U.S. economic outlook receded before the release of important data on the jobs market.
- # India's April-December fiscal deficit tops 145% of full year target
- # India's forex reserves rise to \$585.33 bln- central bank

Market Snapshot

USDINR yesterday settled up by 0.03% at 73.15 as pessimism about the U.S. economic outlook receded before the release of important data on the jobs market. Sentiment for the dollar has improved recently as progress in coronavirus vaccinations, moves by U.S. President Joe Biden to pass more fiscal stimulus, and improving economic data forced some bearish investors to give up their short positions. The dollar faces another test on Friday with the release of non-farm payrolls data, which will help confirm whether the world's largest economy has shrugged off a dip in growth toward the end of last year. India's fiscal deficit in the nine months to end-December stood at 11.58 trillion rupees (\$158.74 billion), or 145.5% of the budgeted target for the whole fiscal year, government data showed. Net tax receipts were 9.62 trillion rupees, while total expenditure was 22.8 trillion rupees, the data showed. India's fiscal deficit is projected to overshoot the initial estimates, 3.5% of GDP, in the current financial year ending in March, the government said in an economic survey report. India's foreign exchange reserves rose to \$585.33 billion as of Jan 22, compared with \$584.24 billion a week earlier, the Reserve Bank of India said. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.9152. Technically market is under fresh buying as market has witnessed gain in open interest by 7.16% to settled at 3080836 while prices up 0.02 rupees, now USDINR is getting support at 73.06 and below same could see a test of 72.97 levels, and resistance is now likely to be seen at 73.2, a move above could see prices testing 73.25.

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NSE-CUR EURINR Feb 2021



	Open	High	Low	Close
	87.94	87.96	87.63	87.78
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	87.95	88.12	88.28	
	Support 1	Support 2	Support 3	
	87.62	87.46	87.29	
Net Change	% Change	Open Interest	Volume	
-0.22	-0.25	135402	132732	

Trading Ideas for the Day

- # EURINR trading range for the day is 87.46-88.12.
- # Euro dropped as investors looked to a widening disparity between the strength of the U.S. and European pandemic recoveries
- # Eurozone consumer prices increased for the first time in six months in January largely due to temporary factors
- # The euro area private sector contracted further in January amid the Covid-19 pandemic as the decline in services was only partially offset by the growth in manufacturing sector

Market Snapshot

EURINR yesterday settled down by -0.25% at 87.775 as investors looked to a widening disparity between the strength of the U.S. and European pandemic recoveries. The view was bolstered by moves in Washington toward fast-tracking more stimulus spending, in contrast with concerns about extended European lockdowns and expectations for a decline in euro zone growth this quarter. The dollar's advances come despite a rally in equities amid improving risk sentiment, defying the currency's historical inverse directional relationship with stocks. Eurozone consumer prices increased for the first time in six months in January largely due to temporary factors, flash data from Eurostat showed. The harmonized index of consumer prices climbed 0.9 percent year-on-year in January, reversing a 0.3 percent fall in December. Economists had forecast an annual growth of 0.5 percent. Prices increased for the first time since July, when the index was up 0.4 percent. The euro area private sector contracted further in January amid the Covid-19 pandemic as the decline in services was only partially offset by the growth in manufacturing sector, final survey results from IHS Markit showed. The final composite output index dropped to 47.8 in January from 49.1 in the previous month but was above the flash score of 47.5. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 87.5916. Technically market is under long liquidation as market has witnessed drop in open interest by -0.06% to settled at 135402 while prices down -0.2225 rupees, now EURINR is getting support at 87.62 and below same could see a test of 87.46 levels, and resistance is now likely to be seen at 87.95, a move above could see prices testing 88.12.

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NSE-CUR GBPINR Feb 2021



	Open	High	Low	Close
	99.70	99.70	99.26	99.38
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	99.63	99.89	100.07	
	Support 1	Support 2	Support 3	
	99.19	99.01	98.75	
Net Change	% Change	Open Interest	Volume	
	-0.42	-0.42	179174	373437

Trading Ideas for the Day

- # GBPINR trading range for the day is 99.01-99.89.
- # GBP dropped as UK had a difficult period as the number of coronavirus cases continued to rise.
- # The government decided to impose another seven-week lockdown that affected most of the services sector.
- # The UK service sector contracted at the fastest pace in eight months in January due to the impact of restrictions related to the Covid-19 pandemic

Market Snapshot

GBPINR yesterday settled down by -0.42% at 99.3775 after UK had a difficult month in January as the number of coronavirus cases continued to rise. In response, the government decided to impose another seven-week lockdown that affected most of the services sector. The UK service sector contracted at the fastest pace in eight months in January due to the impact of restrictions related to the Covid-19 pandemic on trade and temporary business closures amid the third national lockdown, final survey results from IHS Markit showed. The Markit/Chartered Institute of Procurement & Supply services Purchasing Managers' Index plunged to 41.2 from 50.4 in December. The flash score was 40.6. Driven by the downturn in services, the composite output index declined to 41.2 in January from 50.4 in December and below the flash 40.6. The pace of decline was the fastest since May 2020. UK house price growth slowed for the first time in six months in January ahead of the end of the stamp duty holiday in March, data from the Nationwide Building Society showed on Tuesday. House prices climbed 6.4 percent on a yearly basis, but weaker than the 7.3 percent increase logged in December. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 99.1739. Technically market is under fresh selling as market has witnessed gain in open interest by 1.64% to settled at 179174 while prices down -0.4175 rupees, now GBPINR is getting support at 99.19 and below same could see a test of 99.01 levels, and resistance is now likely to be seen at 99.63, a move above could see prices testing 99.89.

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NSE-CUR JPYINR Feb 2021



	Open	High	Low	Close
	69.59	69.63	69.47	69.52
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	69.61	69.70	69.77	
	Support 1	Support 2	Support 3	
	69.45	69.38	69.29	
Net Change	% Change	Open Interest	Volume	
-0.17	-0.24	36562	32832	

Trading Ideas for the Day

- # JPYINR trading range for the day is 69.38-69.7.
- # JPY dropped amid hopes over the US economic recovery from the coronavirus pandemic.
- # BOJ wants to make policy sustainable and nimble - Wakatabe
- # Warns it will take 'considerable' time to hit 2% inflation

Market Snapshot

JPYINR yesterday settled down by -0.24% at 69.52 amid hopes over the US economic recovery from the coronavirus pandemic. US Federal Reserve Chairman Jerome Powell stated recently that the pace of economic recovery has moderated in recent months, but added that the economy would recover in tandem with vaccination. Pfizer announced that its Covid-19 vaccine showed effectiveness against the new strains in lab trails. The Bank of Japan's policy examination in March will discuss measures to ensure it can deal with any future shocks to the economy "effectively" and in a timely fashion, Deputy Governor Masazumi Wakatabe said. The key would be to strike the right balance between the costs and benefits of the BOJ's massive stimulus, so it becomes more sustainable and "nimble" in responding to changes in economic developments, Wakatabe said. Wakatabe said the March review will not lead to an overhaul of the BOJ's yield curve control (YCC) policy or its 2% inflation target. Rather, it will scrutinise the tools, such as its asset purchases, to make them more sustainable, he added. Wakatabe said it was crucial to keep real interest rates, which are calculated by subtracting inflation expectations from nominal rates, at low levels. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 69.33. Technically market is under fresh selling as market has witnessed gain in open interest by 0.62% to settled at 36562 while prices down -0.165 rupees, now JPYINR is getting support at 69.45 and below same could see a test of 69.38 levels, and resistance is now likely to be seen at 69.61, a move above could see prices testing 69.7.

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NEWS YOU CAN USE

A report released by the Institute for Supply Management showed U.S. service sector activity unexpectedly grew at an accelerated rate in the month of January. The ISM said its services PMI inched up to 58.7 in January from a revised 57.7 in December, with a reading above 50 indicating growth in the service sector. The uptick came as surprise to economists, who had expected the index to edge down to 56.8 from the 57.2 originally reported for the previous month. With the unexpected monthly increase, the services PMI reached its highest level since # hitting 58.8 in February of 2019. The increase by the headline index was partly due to a significant acceleration in the pace of growth in new orders, as the new orders index jumped to 61.8 in January from 58.6 in December. The employment index also surged up to 55.2 in January from 48.7 in December, indicating job growth in the service sector following a one-month contraction. On the other hand, the report said the business activity index slipped to 59.9 in January from 60.5 in December, although the reading above 50 still indicates the eighth straight month of growth.

Eurozone consumer prices increased for the first time in six months in January largely due to temporary factors, flash data from Eurostat showed. The harmonized index of consumer prices climbed 0.9 percent year-on-year in January, reversing a 0.3 percent fall in December. Economists had forecast an annual growth of 0.5 percent. Prices increased for the first time since July, when the index was up 0.4 percent. Excluding energy, food, alcohol and tobacco, core inflation accelerated more-than-expected to 1.4 percent from 0.2 percent. Economists # had forecast a rate of 0.5 percent. Data showed that the annual increase in food, alcohol and tobacco prices rose to 1.5 percent from 1.3 percent. At the same time, energy prices dropped at a slower pace of 4.1 percent after easing 6.9 percent. EU harmonized prices turned positive in all four-major euro area economies in January. Germany's prices grew 1.6 percent, reversing a 0.7 percent fall in December. France's inflation came in at 0.8 percent versus zero a month ago. Spain's prices climbed 0.6 percent annually, offsetting a 0.6 percent fall a month ago. At the same time, Italy's HICP gained 0.5 percent, reversing a 0.3 percent drop in December.

The UK service sector contracted at the fastest pace in eight months in January due to the impact of restrictions related to the Covid-19 pandemic on trade and temporary business closures amid the third national lockdown, final survey results from IHS Markit showed. The Markit/Chartered Institute of Procurement & Supply services Purchasing Managers' Index plunged to 41.2 from 50.4 in December. The flash score was 40.6. Driven by the downturn in services, the composite output index declined to 41.2 in January from 50.4 in December and # below the flash 40.6. The pace of decline was the fastest since May 2020. While the UK economy is on course to contract sharply during the first quarter of 2021, businesses remain confident that pent up demand and an easing of pandemic restrictions will provide a springboard to recovery later this year, Tim Moore, an economics director at IHS Markit, said. Total volumes of new work across the service economy decreased at a sharp pace in January. New business from abroad continued to fall at a steeper pace than domestic sales. Further, staffing numbers declined for the eleventh straight month. Higher input costs have been recorded in each of the past seven months, with the latest rise driven by transport expenses and higher salary payments.

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