

CURRENCY REPORT

KEDIA ADVISORY

Monday, February 8, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Feb 2021	73.11	73.18	72.94	73.07	↓ -0.11	3141772	1.98	1715623	73.07
EUR-INR	Feb 2021	87.58	87.62	87.42	87.54	↓ -0.26	126985	-6.22	127783	87.52
GBP-INR	Feb 2021	99.91	100.10	99.88	99.94	↑ 0.56	161981	-9.60	379442	99.99
JPY-INR	Feb 2021	69.41	69.41	69.20	69.23	↓ -0.42	38991	6.64	44787	69.30

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2049	1.2055	1.2027	1.2033	↓ -0.13
EURGBP	0.8772	0.8780	0.8758	0.8768	↓ -0.05
EURJPY	126.97	127.07	126.69	126.96	↓ -0.01
GBPJPY	144.73	144.93	144.39	144.79	↑ 0.04
GBPUSD	1.3730	1.3741	1.3709	1.3724	↓ -0.05
USDJPY	105.35	105.57	105.26	105.51	↑ 0.16

Economical Data

TIME	ZONE	DATA
12:30pm	EUR	German Industrial Production m/m
3:00pm	EUR	Sentix Investor Confidence

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5666.2	↑	Gold\$	1811.6	↓ -0.08
DAX	14107.5	↑	Silver\$	26.9	↑ 0.10
DJIA	31055.9	↑	Crude\$	57.0	↑ 1.10
FTSE 100	7586.8	↓	Copper \$	7973.5	↓ -0.12
HANG SENG	27777.8	↓	Aluminium \$	2018.0	↓ -0.05
KOSPI	2029.5	↓	Nickel\$	18060.0	↓ -0.22
NASDAQ	13777.7	↑	Lead\$	2053.5	↓ -0.56
NIKKEI 225	21521.5	↓	Zinc\$	2664.0	↓ -0.75

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	5/2/2021	9,402.17	7,940.46	1,461.71

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

Category	Date	Buy Value	Sell Value	Net Value
DII	5/2/2021	6,202.57	7,621.22	-1,418.65

Spread

Currency	Spread
NSE-CUR USDINR FEB-MAR	0.29
NSE-CUR EURINR FEB-MAR	0.40
NSE-CUR GBPINR FEB-MAR	0.38
NSE-CUR JPYINR FEB-MAR	0.29

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NSE-CUR USDINR Feb 2021



	Open	High	Low	Close
	73.11	73.18	72.94	73.07
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.19	73.31	73.44	
	Support 1	Support 2	Support 3	
	72.94	72.81	72.69	
Net Change	% Change	Open Interest	Volume	
-0.08	-0.11	3141772	1715623	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.81-73.31.
- # USDINR dropped after the country's central bank kept interest rates unchanged.
- # The repo rate or RBI's key lending rate was held at 4% while the reverse repo rate or its borrowing rate was left unchanged at 3.35%.
- # The RBI has already cut its key interest rate by a total 115 basis points since March 2020 to revive growth and cushion the impact of the COVID-19 pandemic.

Market Snapshot

USDINR yesterday settled down by -0.11% at 73.0675 as RBI kept rates steady and reiterated that it will continue to support the recovering economy by ensuring ample rupee liquidity in the banking system. "Going forward, the Indian economy is poised to move in only one direction and that is upwards. It is our strong conviction, backed by forecasts, that in 2021/22, we would undo the damage that COVID-19 has inflicted on the economy," Reserve Bank of India Governor Shaktikanta Das said after announcing the rate decision. The repo rate or RBI's key lending rate was held at 4% while the reverse repo rate or its borrowing rate was left unchanged at 3.35%. The repo rate has been cut by a total 115 basis points since March 2020 to cushion the shock from the coronavirus pandemic, following a 135 bps reduction since beginning of 2019. Das said the six members of the monetary policy committee (MPC) were unanimous in their decision to keep rates on hold. He said that the economy's growth outlook had improved and that inflation was expected to remain within the RBI's targeted range over the next few quarters. "Given that inflation has returned within the tolerance band, the MPC judged that the need of the hour is to continue to support growth, assuage the impact of COVID-19 and return the economy to a higher growth trajectory," Das said. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.8986. Technically market is under fresh selling as market has witnessed gain in open interest by 1.98% to settled at 3141772 while prices down -0.0825 rupees, now USDINR is getting support at 72.94 and below same could see a test of 72.81 levels, and resistance is now likely to be seen at 73.19, a move above could see prices testing 73.31.

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NSE-CUR EURINR Feb 2021



	Open	High	Low	Close
	87.58	87.62	87.42	87.54
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	87.64	87.74	87.85	
	Support 1	Support 2	Support 3	
	87.43	87.32	87.22	
Net Change	% Change	Open Interest	Volume	
-0.23	-0.26	126985	127783	

Trading Ideas for the Day

- # EURINR trading range for the day is 87.32-87.74.
- # Euro dropped as dollar climbed on confidence in the U.S. economic outlook.
- # The dollar's move came as longer-term U.S. Treasury yields rose as investors positioned for a large pandemic relief package from Washington.
- # Eurozone retail sales grew in December after a sharp fall in November, data from Eurostat revealed.

Market Snapshot

EURINR yesterday settled down by -0.26% at 87.5425 as dollar climbed on confidence in the U.S. economic outlook. Initial claims for state unemployment benefits totaled a seasonally adjusted 779,000 last week, better than 812,000 in the prior week. The dollar's move came as longer-term U.S. Treasury yields rose as investors positioned for a large pandemic relief package from Washington and a stabilizing U.S. labor market. Democrats in the U.S. Senate were poised for a marathon "vote-a-rama" session aimed at overriding Republican opposition to President Joe Biden's \$1.9 trillion COVID-19 relief proposal. Eurozone retail sales grew in December after a sharp fall in November, data from Eurostat revealed. Retail sales increased 2 percent month-on-month in December, in contrast to a fall of 5.7 percent in November. Sales were forecast to grow 1.6 percent. Sales of food, drinks and tobacco gained 1.9 percent and non-food product sales climbed 1.5 percent. Sales of automotive fuel in specialized stores advanced 5.1 percent. Germany's construction sector contracted further in January, survey results from IHS Markit showed. The construction Purchasing Managers' Index fell to 46.6 in January from 47.1 in December. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 87.1979 Technically market is under long liquidation as market has witnessed drop in open interest by -6.22% to settled at 126985 while prices down -0.2325 rupees, now EURINR is getting support at 87.43 and below same could see a test of 87.32 levels, and resistance is now likely to be seen at 87.64, a move above could see prices testing 87.74.

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NSE-CUR GBPINR Feb 2021



	Open	High	Low	Close
	99.91	100.10	99.88	99.94
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	100.06	100.19	100.28	
	Support 1	Support 2	Support 3	
	99.84	99.75	99.62	
Net Change	% Change	Open Interest	Volume	
0.56	0.56	161981	379442	

Trading Ideas for the Day

- # GBPINR trading range for the day is 99.75-100.19.
- # GBP recovered to gains after the BoE left rates on hold and assuaged lingering fears of negative rates.
- # The BoE said Britain's banks would need at least six months to prepare for any cut in interest rates below zero
- # Britain's economic performance compared with other countries during the COVID-19 pandemic was nowhere near as bad as official data has suggested.

Market Snapshot

GBPINR yesterday settled up by 0.56% at 99.935 after the BoE left rates on hold and assuaged lingering fears of negative rates. The BoE said Britain's banks would need at least six months to prepare for any cut in interest rates below zero Bank of England Governor Andrew Bailey said that Britain's economic performance compared with other countries during the COVID-19 pandemic was nowhere near as bad as official data has suggested. Britain suffered the biggest real-terms drop in economic output of any Group of Seven rich nation between the first and third quarters of 2020, according to official figures, combined with one of the world's highest COVID-19 mortality rates. "Actually I think the UK's performance is nowhere near as adverse as suggested by the headline numbers," Bailey told broadcasters after the BoE kept its stimulus programmes on hold before an expected economic recovery later this year. The Office for National Statistics said some of Britain's slump could be explained by the way the output of government services such as education and healthcare was measured and it was hard to make international comparisons. Excluding government spending, Britain still experienced the most severe contraction in economic output between the first and third quarters of last year in the G7, although it lagged by much less on this measure, the ONS said. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 99.7258 Technically market is under short covering as market has witnessed drop in open interest by -9.6% to settled at 161981 while prices up 0.5575 rupees, now GBPINR is getting support at 99.84 and below same could see a test of 99.75 levels, and resistance is now likely to be seen at 100.06, a move above could see prices testing 100.19.

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NSE-CUR JPYINR Feb 2021



	Open	High	Low	Close
	69.41	69.41	69.20	69.23
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		69.35	69.48	69.55
		Support 1	Support 2	Support 3
	69.15	69.08	68.95	
Net Change	% Change	Open Interest	Volume	
-0.30	-0.42	38991	44787	

Trading Ideas for the Day

- # JPYINR trading range for the day is 69.08-69.48.
- # JPY dropped as dollar headed for its best weekly gain in three months, lifted by growing confidence that the U.S. economic recovery will outpace global peers.
- # The greenback got support from a rise in longer-term U.S. Treasury yields, which came as traders positioned for a massive fiscal spending package.
- # The average of household spending in Japan was down 0.6 percent on year in December, coming in at 315,007 yen.

Market Snapshot

JPYINR yesterday settled down by -0.42% at 69.225 as dollar headed for its best weekly gain in three months, lifted by growing confidence that the U.S. economic recovery will outpace global peers. The greenback got support from a rise in longer-term U.S. Treasury yields, which came as traders positioned for a massive fiscal spending package. The current bout of dollar strength could continue for "several weeks," he said, but the picture is murkier thereafter as Europe and Asia catch up with immunizations and the Federal Reserve's continued ultra-easy monetary policy caps a rise in long-term U.S. yields. The average of household spending in Japan was down 0.6 percent on year in December, the Ministry of Internal Affairs and Communications said - coming in at 315,007 yen. That beat forecasts for a decline of 2.4 percent following the 1.1 percent increase in November. On a monthly basis, household spending climbed 0.9 percent - again exceeding expectations for a drop of 1.9 percent following the 1.8 percent decline in the previous month. The services sector in Japan continued to contract in January, and at a faster pace, the latest survey from Jibun Bank revealed with a services PMI score of 46.1. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 69.07 Technically market is under fresh selling as market has witnessed gain in open interest by 6.64% to settled at 38991 while prices down -0.295 rupees, now JPYINR is getting support at 69.15 and below same could see a test of 69.08 levels, and resistance is now likely to be seen at 69.35, a move above could see prices testing 69.48.

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NEWS YOU CAN USE

The Bank of England said it would be appropriate for bankers to start preparing for negative rates even as policymakers refused to give any hint of a such a scenario in the near future. The nine-member Monetary Policy Committee, headed by Governor Andrew Bailey, unanimously voted to hold the interest rate at 0.10 percent and the quantitative easing at GBP 895 billion in the latest policy meeting. The MPC said policymakers did not wish to send any signal that they intended to set a negative bank rate at some point in the future. However, they concluded that it would be appropriate to start preparations to provide the capability to do so if necessary in the future. Banks would need six months to get ready for negative rates should it be pursued, the BoE said. The implementation of a negative rate over a shorter timeframe than six months would attract increased operational risk, the central bank cautioned.

New orders for U.S. manufactured goods showed another significant increase in the month of December, according to a report released by the Commerce Department on Thursday. The report said factory orders jumped by 1.1 percent in December after surging up by 1.3 percent for three consecutive months. The bigger than expected increase in factory orders came as orders for non-durable goods spiked by 1.7 percent, while orders for durable goods rose by an upwardly revised 0.5 percent. Shipments of manufactured goods also shot up by 1.7 percent in December following a 0.8 percent increase in November. The Commerce Department said inventories of manufactured goods also rose by 0.3 percent in December after climbing by 0.8 percent in the previous month. With shipments rising by more than inventories, the inventories-to-shipments ratio dropped to 1.39 in December from 1.41 in November.

Eurozone retail sales grew in December after a sharp fall in November, data from Eurostat revealed. Retail sales increased 2 percent month-on-month in December, in contrast to a fall of 5.7 percent in November. Sales were forecast to grow 1.6 percent. Sales of food, drinks and tobacco gained 1.9 percent and non-food product sales climbed 1.5 percent. Sales of automotive fuel in specialized stores advanced 5.1 percent. On a yearly basis, sales volume grew 0.6 percent, reversing a 2.2 percent drop in November. The small bounce back in December was because of new countries imposing restrictive measures while others loosened up for the holiday period. The modest rebound suggests that current lockdowns do significantly impair consumption despite online sales. In the EU27, retail sales grew 1.4 percent on month and by 0.5 percent annually in December.

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