

CURRENCY REPORT

KEDIA ADVISORY

Wednesday, February 10, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Feb 2021	72.92	73.08	72.92	73.04	↓ -0.09	3488464	3.86	1515386	73.03
EUR-INR	Feb 2021	88.10	88.47	88.10	88.37	↑ 0.43	101742	-8.70	158283	88.30
GBP-INR	Feb 2021	100.50	100.63	100.45	100.49	↑ 0.42	211053	36.65	412325	100.54
JPY-INR	Feb 2021	69.39	69.87	69.39	69.76	↑ 0.72	29774	-23.11	61035	69.71

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2117	1.2120	1.2107	1.2118	→ 0.01
EURGBP	0.8769	0.8773	0.8766	0.8770	↑ 0.04
EURJPY	126.71	126.84	126.56	126.83	↑ 0.10
GBPJPY	144.42	144.61	144.34	144.60	↑ 0.10
GBPUSD	1.3812	1.3819	1.3801	1.3816	↑ 0.03
USDJPY	104.56	104.71	104.48	104.66	↑ 0.11

Economical Data

TIME	ZONE	DATA
12:30pm	EUR	German Final CPI m/m
1:15pm	EUR	French Industrial Production m/m
7:00pm	USD	CPI m/m
7:00pm	USD	Core CPI m/m
8:30pm	USD	Final Wholesale Inventories m/m
9:00pm	USD	Crude Oil Inventories
11:31pm	USD	10-y Bond Auction

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5686.1	→	Gold\$	1839.9	↑ 0.10
DAX	14000.3	↓	Silver\$	27.4	↑ 0.40
DJIA	31385.8	↑	Crude\$	57.5	↑ 0.67
FTSE 100	7586.8	↓	Copper \$	8255.0	↑ 1.20
HANG SENG	27777.8	↓	Aluminium \$	2064.0	↑ 0.12
KOSPI	2029.5	↓	Nickel\$	18390.0	↑ 0.11
NASDAQ	13987.6	↑	Lead\$	2073.0	→ 0.00
NIKKEI 225	21521.5	↓	Zinc\$	2707.5	↑ 0.04

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	9/2/2021	11,599.60	10,298.95	1,300.65

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

Category	Date	Buy Value	Sell Value	Net Value
DII	9/2/2021	4,649.82	6,406.06	-1,756.24

Spread

Currency	Spread
NSE-CUR USDINR FEB-MAR	0.29
NSE-CUR EURINR FEB-MAR	0.38
NSE-CUR GBPINR FEB-MAR	0.37
NSE-CUR JPYINR FEB-MAR	0.26

CURRENCY REPORT

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Wednesday, February 10, 2021

NSE-CUR USDINR Feb 2021



	Open	High	Low	Close
	72.92	73.08	72.92	73.04
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		73.10	73.16	73.25
		Support 1	Support 2	Support 3
	72.95	72.86	72.80	
Net Change	% Change	Open Interest	Volume	
-0.07	-0.09	3488464	1515386	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.86-73.16.
- # USDINR dropped after FM Sitharaman said the government is closely monitoring its fiscal deficit, which is estimated to spike to as high as 9.5% of GDP in FY21
- # India's April-December fiscal deficit tops 145% of full year target
- # Traders grew wary about the prospects for the greenback against the backdrop of a large U.S. fiscal stimulus package.

Market Snapshot

USDINR yesterday settled down by -0.09% at 73.035 traded in range after Finance minister Nirmala Sitharaman said the government is closely monitoring its fiscal deficit, which is estimated to spike to as high as 9.5% of gross domestic product (GDP) in FY21, thanks to the Covid-19 outbreak. Addressing a virtual event of industry body PHDCCI, the minister said while the rise in fiscal deficit, in a way, was inevitable, "at the same time, it needs to be carefully tackled", according to an official statement. The Centre's fiscal deficit shot up, as it was forced to offer relief packages in the wake of the pandemic despite a plunge in revenue collections. Even though the nominal GDP is expected to reverse a contraction and expand at 14.4% in FY22, the indispensability of continued spending to spur growth has forced the Centre to keep the deficit target elevated at 6.8% for the next fiscal as well. The government has spent big "in those areas of activities which give a big multiplier effect". 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. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.8883 Technically market is under fresh selling as market has witnessed gain in open interest by 3.86% to settled at 3488464 while prices down -0.065 rupees, now USDINR is getting support at 72.95 and below same could see a test of 72.86 levels, and resistance is now likely to be seen at 73.1, a move above could see prices testing 73.16.

CURRENCY REPORT

KEDIA ADVISORY

Wednesday, February 10, 2021

NSE-CUR EURINR Feb 2021



	Open	High	Low	Close
	88.10	88.47	88.10	88.37
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		88.53	88.68	88.90
		Support 1	Support 2	Support 3
	88.16	87.94	87.79	
Net Change	% Change	Open Interest	Volume	
0.38	0.43	101742	158283	

Trading Ideas for the Day

- # EURINR trading range for the day is 87.94-88.68.
- # Euro gained after data showed German exports rose in December
- # Europe's "lagging" vaccination program will cap the euro near-term but the continent should catch up by the summer.
- # Euro zone citizens are mostly unhappy about the European Central Bank's cheap money policy

Market Snapshot

EURINR yesterday settled up by 0.43% at 88.3725 after data showed German exports rose in December as solid trade with China and the United States helped Europe's largest economy as it struggles to grow under the restrictions of a lockdown aimed at suppressing the COVID-19 case load. Industrial production was unchanged compared to previous month, following a revised 1.5 percent rise in November. The economy ministry said the outlook for the industrial economy remains cautious in view of the general pandemic and due to supply bottlenecks in the semiconductor industry. Euro zone citizens are mostly unhappy about the European Central Bank's cheap money policy, lamenting the low returns on their savings, inflated housing prices and growing inequality, an ECB survey showed. The survey confronts the ECB with a very real problem: If the public fails to respond to its stimulus policy by spending and investing more, it is less likely to set off the virtuous circle that the central bank hopes will restart inflation. The ECB has pushed its main interest rate below zero and bought nearly 4 trillion euros worth of assets over the last six years, crediting its policy for creating millions of jobs and cushioning the effect of the coronavirus pandemic. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.0321 Technically market is under short covering as market has witnessed drop in open interest by -8.7% to settled at 101742 while prices up 0.3825 rupees, now EURINR is getting support at 88.16 and below same could see a test of 87.94 levels, and resistance is now likely to be seen at 88.53, a move above could see prices testing 88.68.

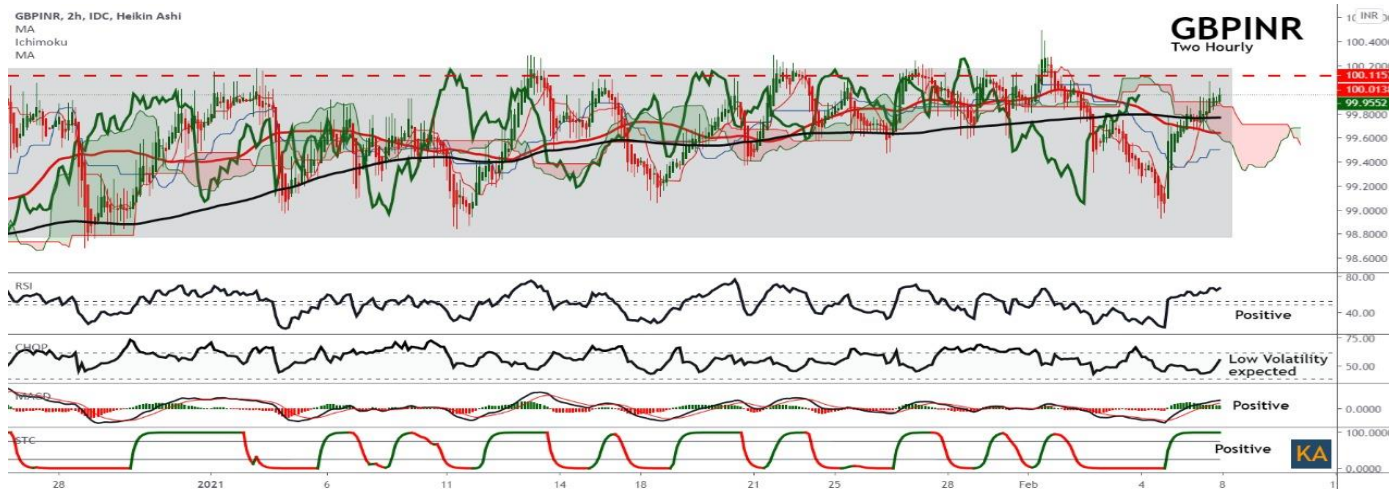
CURRENCY REPORT

KEDIA ADVISORY

Wednesday, February 10, 2021

NSE-CUR GBPINR Feb 2021

GBPINR, 2h, IDC, Heikin Ashi
MA
Ichimoku
MA



	Open	High	Low	Close
	100.50	100.63	100.45	100.49
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		100.60	100.70	100.78
		Support 1	Support 2	Support 3
		100.42	100.34	100.24
Net Change	% Change	Open Interest	Volume	
	0.42	0.42	211053	412325

Trading Ideas for the Day

- # GBPINR trading range for the day is 100.34-100.7.
- # GBP remained supported boosted by heightened risk appetite in global markets, optimism surrounding the UK's COVID-19 vaccine rollout
- # The Bank of England (BoE) reported the findings of its consultation with banks about the feasibility of implementing negative rates last week.
- # Banks told the BoE that they would need at least six months to work out how to respond to negative rates

Market Snapshot

GBPINR yesterday settled up by 0.42% at 100.49 boosted by heightened risk appetite in global markets, optimism surrounding the UK's COVID-19 vaccine rollout and a lessening of negative rates expectations. The Bank of England (BoE) reported the findings of its consultation with banks about the feasibility of implementing negative rates last week. Banks told the BoE that they would need at least six months to work out how to respond to negative rates – prompting the pound to rise as investors scaled back any expectations of the policy being introduced. Speculators' net long position on the pound got bigger in the week to Feb. 2, according to weekly CFTC futures data. The market has been net bullish on the pound since early December 2020, with the UK's relative success in vaccine rollouts helping to lift sentiment. Britain has injected over 12 million first doses of COVID-19 vaccines and is on track to meet a target to vaccinate everyone in the most vulnerable groups by mid-February. U.S. employment growth rebounded less than expected in January and job losses in December were worse than initially thought, prompting the dollar to dip but strengthening the argument for additional government funding to aid the recovery from the COVID-19 pandemic. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 100.4377 Technically market is under fresh buying as market has witnessed gain in open interest by 36.65% to settled at 211053 while prices up 0.42 rupees, now GBPINR is getting support at 100.42 and below same could see a test of 100.34 levels, and resistance is now likely to be seen at 100.6, a move above could see prices testing 100.7.

CURRENCY REPORT

KEDIA ADVISORY

Wednesday, February 10, 2021

NSE-CUR JPYINR Feb 2021



	Open	High	Low	Close
	69.39	69.87	69.39	69.76
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	69.96	70.15	70.44	
	Support 1	Support 2	Support 3	
	69.48	69.19	69.00	
Net Change	% Change	Open Interest	Volume	
0.50	0.72	29774	61035	

Trading Ideas for the Day

- # JPYINR trading range for the day is 69.19-70.15.
- # JPY gains as dollar remained under pressure as investors began entertaining doubts about the scale of a recent rally driven by expectations of a faster pandemic recovery
- # The US Senate has passed the US President Joe Biden administration's stimulus plan to quickly overcome the pandemic impact.
- # A measure of the public assessment of the Japanese economy decreased for the third month in a row in January

Market Snapshot

JPYINR yesterday settled up by 0.72% at 69.76 as dollar remained under pressure as investors began entertaining doubts about the scale of a recent rally driven by expectations of a faster pandemic recovery in the United States than elsewhere. Investors had pushed up the greenback thanks to a faster U.S. vaccine rollout relative to most other countries, and as Democrats moved to fast-track President Joe Biden's \$1.9 trillion COVID-19 relief package. The US Senate has passed the US President Joe Biden administration's stimulus plan to quickly overcome the pandemic impact. US Treasury Secretary Janet Yellen stated that Joe Biden's plan could generate enough growth to restore full employment by 2022. A measure of the public assessment of the Japanese economy decreased for the third month in a row in January, survey data from the Cabinet Office showed. The current conditions index of the Economy Watchers' Survey, which measures the current situation of the economy, decreased to 31.2 in January from 34.3 in December. The outlook index that signals future activity rose to 39.9 in January from 36.1 in the previous month. In November, the reading was 47.7. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 69.51. Technically market is under short covering as market has witnessed drop in open interest by -23.11% to settled at 29774 while prices up 0.5 rupees, now JPYINR is getting support at 69.48 and below same could see a test of 69.19 levels, and resistance is now likely to be seen at 69.96, a move above could see prices testing 70.15.

CURRENCY REPORT

KEDIA ADVISORY

Wednesday, February 10, 2021

NEWS YOU CAN USE

Germany's industrial production recovery stalled in December amid restrictions imposed to face the second wave of the coronavirus pandemic, data from Destatis revealed. Industrial production was unchanged compared to previous month, following a revised 1.5 percent rise in November. Economists had forecast a 0.3 percent rise for December. The economy ministry said the outlook for the industrial economy remains cautious in view of the general pandemic and due to supply bottlenecks in the semiconductor industry. The economist said GDP will increase by around 3.0 percent this year, following the decline of 5.0 percent in 2020. However, the forecast is dependent on a substantial acceleration of the vaccination programme. Within industry, intermediate goods output showed an increase of 2.0 percent and that of consumer goods climbed 2.6 percent. Meanwhile, capital goods output dropped 0.5 percent. Outside industry, energy production dropped 2.9 percent in December, while production in construction was up 3.2 percent. On a yearly basis, the decline in industrial output eased to 1 percent from 2.5 percent a month ago.

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.

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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