

CURRENCY REPORT

KEDIA ADVISORY

Monday, February 15, 2021

Currency Table

| Currency | Exp. Date | Open | High | Low | Close | Change | O.Int | % Cng OI | Volume | ATP |
|----------|-----------|--------|--------|--------|--------|---------|---------|----------|---------|--------|
| USD-INR | Feb 2021 | 72.92 | 72.95 | 72.66 | 72.71 | ↓ -0.33 | 3493960 | 1.08 | 1465267 | 72.84 |
| EUR-INR | Feb 2021 | 88.45 | 88.45 | 88.00 | 88.03 | ↓ -0.47 | 95404 | 0.54 | 116469 | 88.24 |
| GBP-INR | Feb 2021 | 100.49 | 100.56 | 100.18 | 100.21 | ↓ -0.59 | 163980 | -32.78 | 383690 | 100.39 |
| JPY-INR | Feb 2021 | 69.66 | 69.66 | 69.23 | 69.27 | ↓ -0.57 | 31703 | 14.94 | 44969 | 69.42 |

Currency Spot (Asian Trading)

| Particulars | Open | High | Low | LTP | % Change |
|-------------|--------|--------|--------|--------|----------|
| EURUSD | 1.2119 | 1.2132 | 1.2091 | 1.2131 | ↑ 0.10 |
| EURGBP | 0.8747 | 0.8754 | 0.8706 | 0.8730 | ↓ -0.20 |
| EURJPY | 127.18 | 127.46 | 126.65 | 127.38 | ↑ 0.17 |
| GBPJPY | 145.35 | 145.91 | 145.22 | 145.90 | ↑ 0.36 |
| GBPUSD | 1.3854 | 1.3896 | 1.3844 | 1.3895 | ↑ 0.30 |
| USDJPY | 104.92 | 105.14 | 104.86 | 105.00 | ↑ 0.07 |

Economical Data

| TIME | ZONE | DATA |
|-----------|------|----------------------------|
| 3:30pm | EUR | Industrial Production m/m |
| 3:30pm | EUR | Trade Balance |
| All Day | EUR | Eurogroup Meetings |
| Tentative | EUR | German Buba Monthly Report |
| All Day | USD | Bank Holiday |

Stock Indices

| Index | Last | Change | Commodity | Last | Change |
|------------|---------|---------|--------------|---------|---------|
| CAC40 | 5655.3 | ↓ -0.26 | Gold\$ | 1825.7 | ↑ 0.08 |
| DAX | 13947.2 | ↓ -0.67 | Silver\$ | 27.6 | ↑ 0.98 |
| DJIA | 31430.7 | ↓ -0.02 | Crude\$ | 59.5 | ↑ 2.11 |
| FTSE 100 | 7586.8 | ↓ -0.78 | Copper \$ | 8401.0 | ↑ 1.00 |
| HANG SENG | 27777.8 | ↓ -1.31 | Aluminium \$ | 2092.0 | ↑ 0.02 |
| KOSPI | 2029.5 | ↓ -0.23 | Nickel\$ | 18730.0 | ↑ 0.59 |
| NASDAQ | 14025.8 | ↑ 0.38 | Lead\$ | 2129.0 | ↓ -0.05 |
| NIKKEI 225 | 21521.5 | ↓ -0.86 | Zinc\$ | 2842.0 | ↑ 0.18 |

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 | 12/2/2021 | 4,252.21 | 4,289.54 | -37.33 |

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

| Category | Date | Buy Value | Sell Value | Net Value |
|----------|-----------|-----------|------------|-----------|
| DII | 12/2/2021 | 3,647.82 | 4,245.44 | -597.62 |

Spread

| Currency | Spread |
|------------------------|--------|
| NSE-CUR USDINR FEB-MAR | 0.28 |
| NSE-CUR EURINR FEB-MAR | 0.39 |
| NSE-CUR GBPINR FEB-MAR | 0.40 |
| NSE-CUR JPYINR FEB-MAR | 0.28 |

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NSE-CUR USDINR Feb 2021



| | Open | High | Low | Close |
|------------------------------------|----------|---------------|-----------|-----------|
| | 72.92 | 72.95 | 72.66 | 72.71 |
| Support and Resistance for the Day | 72.6710 | Resit 1 | Resit 2 | Resit 3 |
| | 72.5800 | 72.88 | 73.05 | 73.16 |
| | | Support 1 | Support 2 | Support 3 |
| | 72.60 | 72.49 | 72.32 | |
| Net Change | % Change | Open Interest | Volume | |
| -0.24 | -0.33 | 3493960 | 1465267 | |

Trading Ideas for the Day

- # USDINR trading range for the day is 72.49-73.05.
- # USDINR dropped as new signs of weakness in the U.S. jobs market dented investor expectations about the pace of economic recovery from the pandemic.
- # India, China agree to disengage from disputed Himalayan lake
- # INR supported by inflows; FIs buy net \$3.3 billion of Indian equities in Feb

Market Snapshot

USDINR yesterday settled down by -0.33% at 72.7125 as new signs of weakness in the U.S. jobs market dented investor expectations about the pace of economic recovery from the pandemic. The dollar remained on the back foot after the release of weaker-than-expected weekly U.S. jobless claims data added to recent concerns that the dollar's previous rally had priced in too fast a pace of rebound for the U.S. economy. There has been a divergence in views among traders this year over just how U.S. President Joe Biden's planned \$1.9 trillion fiscal stimulus package will affect the dollar. 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. The Reserve Bank of India kept rates steady at record low levels as expected and said it would maintain support for the economy's recovery from the pandemic by ensuring ample liquidity for markets to absorb a massive government borrowing programme. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.7998. Technically market is under fresh selling as market has witnessed gain in open interest by 1.08% to settled at 3493960 while prices down -0.2425 rupees, now USDINR is getting support at 72.6 and below same could see a test of 72.49 levels, and resistance is now likely to be seen at 72.88, a move above could see prices testing 73.05.

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NSE-CUR EURINR Feb 2021



| | Open | High | Low | Close |
|------------------------------------|-----------|---------------|-----------|-------|
| | 88.45 | 88.45 | 88.00 | 88.03 |
| Support and Resistance for the Day | Resit 1 | Resit 2 | Resit 3 | |
| | 88.32 | 88.61 | 88.77 | |
| | Support 1 | Support 2 | Support 3 | |
| | 87.87 | 87.71 | 87.42 | |
| Net Change | % Change | Open Interest | Volume | |
| -0.42 | -0.47 | 95404 | 116469 | |

Trading Ideas for the Day

- # EURINR trading range for the day is 87.71-88.61.
- # Euro dropped as pressure seen after Euro zone growth in 2021 to rebound less than expected
- # The Commission forecast economic growth in 19 countries sharing the euro would be 3.8% this year and the same in 2022
- # Germany's wholesale prices remained stable in January, data from Destatis showed

Market Snapshot

EURINR yesterday settled down by -0.47% at 88.025 as pressure seen after the euro zone economy will rebound less than earlier expected from the coronavirus slump this year as a second wave of the pandemic put economies in new lockdowns, the European Commission said, adding 2022 growth will be stronger than earlier thought. The Commission forecast economic growth in 19 countries sharing the euro would be 3.8% this year and the same in 2022, rallying from a 6.8% drop in 2020. Last November, the Commission forecast 2021 euro zone growth at 4.2% and 2022 growth at 3.0% against a 7.8% recession in 2020. "The near-term outlook for the European economy looks weaker than expected last autumn, as the pandemic has tightened its grip on the continent," the EU executive arm said in an interim economic forecast for the 27-nation bloc. "The European economy is thus expected to have ended 2020 and started the new year on a weak footing. However, light has now appeared at the end of the tunnel. As vaccination campaigns gain momentum and the pressure on health systems to subside, containment measures are set to relax gradually," it said. With the lockdowns still in place, the euro zone economy will contract again in the first quarter of 2021 after shrinking in the last three months of 2020. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.2877 Technically market is under fresh selling as market has witnessed gain in open interest by 0.54% to settled at 95404 while prices down -0.415 rupees, now EURINR is getting support at 87.87 and below same could see a test of 87.71 levels, and resistance is now likely to be seen at 88.32, a move above could see prices testing 88.61.

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NSE-CUR GBPINR Feb 2021



| | Open | High | Low | Close |
|------------------------------------|----------|---------------|-----------|-----------|
| | 100.49 | 100.56 | 100.18 | 100.21 |
| Support and Resistance for the Day | | Resit 1 | Resit 2 | Resit 3 |
| | | 100.45 | 100.70 | 100.83 |
| | | Support 1 | Support 2 | Support 3 |
| | 100.07 | 99.94 | 99.69 | |
| Net Change | % Change | Open Interest | Volume | |
| | -0.60 | -0.59 | 163980 | 383690 |

Trading Ideas for the Day

- # GBPINR trading range for the day is 99.94-100.7.
- # GBP dropped after data showed Britain's economy suffered a record slump in 2020, but grew in the final quarter.
- # The UK economy shrank 9.9% in 2020, which is the biggest annual fall in output in more than 300 years.
- # EU's Barnier: Brexit, not the protocol, is the problem for Northern Ireland

Market Snapshot

GBPINR yesterday settled down by -0.59% at 100.205 after data showed Britain's economy suffered a record slump in 2020, but grew in the final quarter. The UK economy shrank 9.9% in 2020, which is the biggest annual fall in output in more than 300 years – although it avoided heading back towards a recession in the final quarter and looks set to recover in 2021. A post-Brexit trade deal with the European Union, and Bank of England comments that British banks would need at least six months to prepare for interest rates going below zero, have also boosted sterling. The EU's chief Brexit negotiator said on Thursday that the UK's exit from the European Union is the reason for tensions between London and Brussels over Northern Ireland, not the protocol agreed between the two sides over their divorce. "The difficulties on the island of Ireland are caused by Brexit, not by the protocol," Michel Barnier told a European Business Summit event. "The protocol is the solution. "I am sure if it is correctly implemented it will be progress for Northern Ireland. It protects the Good Friday Agreement in all its dimensions, it avoids a border between Ireland and Northern Ireland and it protects the single market." Barnier also said that negotiations on Brexit are finished and cannot be reopened. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 100.4472 Technically market is under long liquidation as market has witnessed drop in open interest by -32.78% to settled at 163980 while prices down -0.595 rupees, now GBPINR is getting support at 100.07 and below same could see a test of 99.94 levels, and resistance is now likely to be seen at 100.45, a move above could see prices testing 100.7.

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NSE-CUR JPYINR Feb 2021

JPYINR*100, 1D, IDC, Heikin Ashi
MA
MA



| | Open | High | Low | Close |
|------------------------------------|-----------|---------------|-----------|-------|
| | 69.66 | 69.66 | 69.23 | 69.27 |
| Support and Resistance for the Day | Resit 1 | Resit 2 | Resit 3 | |
| | 69.54 | 69.82 | 69.97 | |
| | Support 1 | Support 2 | Support 3 | |
| | 69.11 | 68.96 | 68.68 | |
| Net Change | % Change | Open Interest | Volume | |
| -0.40 | -0.57 | 31703 | 44969 | |

Trading Ideas for the Day

- # JPYINR trading range for the day is 68.96-69.82.
- # JPY remained under pressure as the Japanese government decided against lifting the COVID-19 state of emergency covering Tokyo and other regions.
- # BOJ policymaker highlights cost of huge asset buying, signals tweak in March review
- # Producer prices in Japan were up 0.4 percent on month in January, the Bank of Japan said.

Market Snapshot

JPYINR yesterday settled down by -0.57% at 69.2675 as the Japanese government decided against lifting the COVID-19 state of emergency covering Tokyo and other regions this week ahead of the March 7 end date, as hospitals remain under pressure despite a decline in infections. Most countries around the world are still trying to contain the Covid-19 pandemic, as the number of infections surpassed 108 million cases. Many countries started to administer promising vaccines, led by the Pfizer-BoiNTech vaccine, AstraZeneca's vaccine and Moderna's vaccine. Investors are still anticipating the US Congress to pass the \$1.9 trillion Covid relief plan proposed by President Joe Biden. The Bank of Japan must be mindful of the potential demerits of its huge asset purchases, board member Toyoaki Nakamura said in a sign the central bank will seek ways to make its asset-buying programme more flexible in a policy review due in March. With the coronavirus pandemic likely to prolong its battle to fire up inflation to its 2% target, the BOJ unveiled a plan to conduct in March a review of its policy tools to make them more "sustainable and effective." Sources have told the BOJ will discuss ways to scale back its controversial ETF-buying programme and allow yields to move more widely around its target, partly to deal with the rising cost of prolonged easing. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 69.44 Technically market is under fresh selling as market has witnessed gain in open interest by 14.94% to settled at 31703 while prices down -0.395 rupees, now JPYINR is getting support at 69.11 and below same could see a test of 68.96 levels, and resistance is now likely to be seen at 69.54, a move above could see prices testing 69.82.

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NEWS YOU CAN USE

The euro zone economy will rebound less than earlier expected from the coronavirus slump this year as a second wave of the pandemic put economies in new lockdowns, the European Commission said, adding 2022 growth will be stronger than earlier thought. The Commission forecast economic growth in 19 countries sharing the euro would be 3.8% this year and the same in 2022, rallying from a 6.8% drop in 2020. Last November, the Commission forecast 2021 euro zone growth at 4.2% and 2022 growth at 3.0% against a 7.8% recession in 2020.

"The near-term outlook for the European economy looks weaker than expected last autumn, as the pandemic has tightened its grip on the continent," the EU executive arm said in an interim economic forecast for the 27-nation bloc. "The European economy is thus expected to have ended 2020 and started the new year on a weak footing. However, light has now appeared at the end of the tunnel. As vaccination campaigns gain momentum and the pressure on health systems to subside, containment measures are set to relax gradually," it said. With the lockdowns still in place, the euro zone economy will contract again in the first quarter of 2021 after shrinking in the last three months of 2020.

The EU's chief Brexit negotiator said on Thursday that the UK's exit from the European Union is the reason for tensions between London and Brussels over Northern Ireland, not the protocol agreed between the two sides over their divorce. "The difficulties on the island of Ireland are caused by Brexit, not by the protocol," Michel Barnier told a European Business Summit event. "The protocol is the solution. "I am sure if it is correctly implemented it will be progress for Northern Ireland. It protects the Good Friday Agreement in all its dimensions, it avoids a border between Ireland and Northern Ireland and it protects the single market." Barnier also said that negotiations on Brexit are finished and cannot be reopened. He added that EU member states' national authorities will be vigilant for possible circumvention of new rules by financial services companies following Britain's final exit from the bloc's orbit at the end of last year. "The EU national authorities will be very vigilant in the next weeks," he said. "I recommend everyone to be careful." He said the EU needs further clarification from the UK before making a decision on financial services equivalence.

As the coronavirus pandemic stokes fears of deflation, the Bank of Japan is facing changes in its board that could tip the balance in favour of aggressive monetary easing and test the limits of its already stretched policy tool-kit. Parliament approved on Wednesday the government's nominee Asahi Noguchi, an academic known as a vocal advocate of heavy money printing, to join the BOJ's nine-member board in April. He succeeds Makoto Sakurai, who has warned of the rising cost of prolonged easing, when his five-year term ends in March. The central bank has no immediate plan to exit ultra-loose monetary policy as the hit to the economy from the coronavirus pandemic pushes inflation further away from its 2% target. But the bigger presence of doves may complicate the BOJ's ongoing strategy to gradually slow asset purchases and make its policy sustainable enough to endure what will be a long-term battle to spur growth, say sources familiar with its thinking. "The risks of ramping up stimulus are clear. But with a bigger presence, the (doves) would have a stronger say over the BOJ's policy priorities," one of the sources said. "While it may not immediately affect policy moves, numbers do matter," another source said on condition of anonymity due to the sensitivity of the matter.

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