

CURRENCY REPORT

KEDIA ADVISORY

Wednesday, February 24, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Mar 2021	72.75	72.87	72.64	72.84	↑ 0.11	2051627	31.87	2000006	72.75
EUR-INR	Mar 2021	88.46	88.53	88.31	88.47	↑ 0.19	94931	16.44	58076	88.44
GBP-INR	Mar 2021	102.10	102.40	102.05	102.36	↑ 0.40	251104	44.20	208461	102.21
JPY-INR	Mar 2021	69.16	69.27	68.98	69.18	↑ 0.37	15585	55.79	24134	69.17

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2152	1.2166	1.2141	1.2160	↑ 0.06
EURGBP	0.8607	0.8611	0.8537	0.8581	↓ -0.32
EURJPY	127.88	128.24	127.73	128.18	↑ 0.25
GBPJPY	148.50	150.12	148.39	149.36	↑ 0.63
GBPUSD	1.4111	1.4243	1.4105	1.4169	↑ 0.41
USDJPY	105.25	105.49	105.16	105.41	↑ 0.17

Economical Data

TIME	ZONE	DATA
12:30pm	EUR	German Final GDP q/q
Tentative	EUR	German 10-y Bond Auction
8:30pm	USD	Fed Chair Powell Testifies
8:30pm	USD	New Home Sales
9:00pm	USD	Crude Oil Inventories

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5760.1	↓ -0.13	Gold\$	1810.7	↑ 0.30
DAX	13791.6	↓ -1.14	Silver\$	27.9	↑ 0.89
DJIA	31521.7	↑ 0.09	Crude\$	61.5	↓ -0.05
FTSE 100	7586.8	↓ -0.78	Copper \$	9301.0	↑ 0.55
HANG SENG	27777.8	↓ -1.31	Aluminium \$	2159.0	↑ 0.23
KOSPI	2029.5	↓ -0.23	Nickel\$	19320.0	↓ -0.34
NASDAQ	13533.1	↓ -2.46	Lead\$	2137.5	↑ 0.54
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2863.5	↑ 0.46

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	23/02/2021	8,112.33	9,681.37	-1,569.04

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

Category	Date	Buy Value	Sell Value	Net Value
DII	23/02/2021	4,918.49	4,701.82	216.67

Spread

Currency	Spread
NSE-CUR USDINR MAR-APR	0.38
NSE-CUR EURINR MAR-APR	0.38
NSE-CUR GBPINR MAR-APR	0.41
NSE-CUR JPYINR MAR-APR	0.34

CURRENCY REPORT

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NSE-CUR USDINR Mar 2021



	Open	High	Low	Close
	72.75	72.87	72.64	72.84
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	72.93	73.02	73.17	
	Support 1	Support 2	Support 3	
	72.69	72.54	72.45	
Net Change	% Change	Open Interest	Volume	
0.08	0.11	2051627	2000006	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.54-73.02.
- # USDINR settled flat as investors shifted focus to how U.S. Federal Reserve chief Jerome Powell might respond to expectations of resurgent inflation
- # India 10Y Bond Yield Hits 25-week High
- # India's foreign exchange reserves fell to \$583.70 billion as of Feb 12, compared with \$583.95 billion a week earlier, the Reserve Bank of India said.

Market Snapshot

USDINR yesterday settled up by 0.11% at 72.8425 as investors shifted focus to how U.S. Federal Reserve chief Jerome Powell might respond to expectations of resurgent inflation. The Reserve Bank of India held interest rates at record low levels and pledged to continue its support to the economy amid the pandemic crisis. On the economic data front, the country's retail inflation stayed within the central bank's target range for the second consecutive month in January. 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 manufacturing sector activity strengthened in January as companies scaled up production at the quickest pace in three months in response to faster expansions in total sales and new export orders, a monthly survey said. The seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index rose from 56.4 in December to 57.7 in January, to signal the strongest improvement in the health of the sector in three months. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.3707. Technically market is under fresh buying as market has witnessed gain in open interest by 31.87% to settled at 2051627 while prices up 0.0775 rupees, now USDINR is getting support at 72.69 and below same could see a test of 72.54 levels, and resistance is now likely to be seen at 72.93, a move above could see prices testing 73.02.

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Wednesday, February 24, 2021

NSE-CUR EURINR Mar 2021



	Open	High	Low	Close
	88.46	88.53	88.31	88.47
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	88.56	88.66	88.78	
	Support 1	Support 2	Support 3	
	88.34	88.22	88.12	
Net Change	% Change	Open Interest	Volume	
0.17	0.19	94931	58076	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.22-88.66.
- # Euro gains after ECB chief Lagarde said that the central bank was closely monitoring the evolution of longer-term yields, and that it will continue to support all sectors
- # ECB President Lagarde: ECB is closely monitoring longer-term nominal bond yields
- # ECB President Lagarde: ECB will continue to support all sectors of the economy by preserving favorable financing conditions

Market Snapshot

EURINR yesterday settled up by 0.19% at 88.465 after ECB chief Lagarde said that the central bank was closely monitoring the evolution of longer-term yields, and that it will continue to support all sectors of the economy by preserving favorable financing conditions over pandemic period. Last week, the ECB policy meeting minutes showed that officials agreed that headline inflation was at a very low level and that it continued to be distant from the central bank's target, while a further appreciation of the euro posed risk to the inflation outlook. Elsewhere, concerns mounted over the slowing pace of COVID-19 vaccination in the EU and its impact on Europe's economic recovery. The German economy is likely to recover from this spring after an estimated contraction in the first quarter of 2021, Bundesbank said in its monthly report. The bank noted that the second wave of Covid-19 pandemic thwarted Germany's economic recovery at end of 2020. Economic activity was still almost 4 percent down on the pre-crisis level of the fourth quarter of 2019. Further, the bank said consumer prices surged in January due to the extensive adjustments to the expenditure weights underlying the harmonized index of consumer prices. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.052 Technically market is under fresh buying as market has witnessed gain in open interest by 16.44% to settled at 94931 while prices up 0.165 rupees, now EURINR is getting support at 88.34 and below same could see a test of 88.22 levels, and resistance is now likely to be seen at 88.56, a move above could see prices testing 88.66.

CURRENCY REPORT

KEDIA ADVISORY

Wednesday, February 24, 2021

NSE-CUR GBPINR Mar 2021



	Open	High	Low	Close
	102.10	102.40	102.05	102.36
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		102.49	102.62	102.84
		Support 1	Support 2	Support 3
	102.14	101.92	101.79	
Net Change	% Change	Open Interest	Volume	
	0.41	0.4	251104	208461

Trading Ideas for the Day

- # GBPINR trading range for the day is 101.92-102.62.
- # GBP rose after Prime Minister Boris Johnson delivered details of the plans to ease restrictions on the UK economy, saying his roadmap will guide the government
- # BoE's Vlieghe- We may not see interest rates similar to before the financial crisis "during my lifetime"
- # Speculators added to their net long position for the third week running in the week to Feb. 16, CFTC positioning data showed.

Market Snapshot

GBPINR yesterday settled up by 0.4% at 102.36 after Prime Minister Boris Johnson delivered details of the plans to ease restrictions on the UK economy, saying his roadmap will guide the government "cautiously but irreversibly" to lifting the lockdown. Sterling has been recently supported by hopes of a quicker economic recovery helped by the UK's rapid pace of vaccinations, as well as lessening expectations of negative interest rates and a post-Brexit trade deal with the EU. Speculators added to their net long position for the third week running in the week to Feb. 16, CFTC positioning data showed. The yield on British government bonds jumped, boosted by the prospect of heavy U.S. fiscal stimulus and the UK economy reopening. UK manufacturers' order books improved in February and output fell slightly but at a more moderate rate than in the first lockdown, the Industrial Trends Survey from the Confederation of British Industry showed. The order book balance improved to -24 percent in February from -38 percent in January. However, the export order books balance fell to -39 percent from -33 percent in the previous month. Output volumes in the three months to February fell at a moderate pace of -8 percent versus -2 percent in January. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 101.8048 Technically market is under fresh buying as market has witnessed gain in open interest by 44.2% to settled at 251104 while prices up 0.4075 rupees, now GBPINR is getting support at 102.14 and below same could see a test of 101.92 levels, and resistance is now likely to be seen at 102.49, a move above could see prices testing 102.62.

CURRENCY REPORT

KEDIA ADVISORY

Wednesday, February 24, 2021

NSE-CUR JPYINR Mar 2021



	Open	High	Low	Close
	69.16	69.27	68.98	69.18
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	69.30	69.42	69.58	
	Support 1	Support 2	Support 3	
	69.02	68.86	68.74	
Net Change	% Change	Open Interest	Volume	
0.26	0.37	15585	24134	

Trading Ideas for the Day

- # JPYINR trading range for the day is 68.86-69.42.
- # JPY gained as dollar nursed losses as investors' focus shifted to how U.S. Federal Reserve chief Jerome Powell might respond to resurgent inflation expectations.
- # Japan's central bank governor said he told the country's prime minister the bank would conduct a review of its policy tools in March
- # Yellen said that the US economy could return to growth and full employment in 2022

Market Snapshot

JPYINR yesterday settled up by 0.37% at 69.18 as dollar nursed losses as investors' focus shifted to how U.S. Federal Reserve chief Jerome Powell might respond to resurgent inflation expectations. Japan's central bank governor said he told the country's prime minister the bank would conduct a review of its policy tools in March to ensure it can maintain ultra-loose monetary settings for a long period. Governor Haruhiko Kuroda said he also told Prime Minister Yoshihide Suga that the global economy appeared to be picking up, based on estimates issued by the International Monetary Fund. "I explained to the prime minister the Bank of Japan would conduct a review (of its tools) to make its policy more effective and sustainable, and announce the findings at its March rate review," Kuroda told reporters after meeting with Suga. The BOJ governor and the prime minister hold meetings once every few months as a regular practice to exchange views on the economy and policy. Kuroda's comments about the review follow the BOJ's December announcement that it would assess its policy tools in March as the hit to growth from the pandemic forces the central bank to maintain a massive and prolonged stimulus programme. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 68.86 Technically market is under fresh buying as market has witnessed gain in open interest by 55.79% to settled at 15585 while prices up 0.2575 rupees, now JPYINR is getting support at 69.02 and below same could see a test of 68.86 levels, and resistance is now likely to be seen at 69.3, a move above could see prices testing 69.42.

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Wednesday, February 24, 2021

NEWS YOU CAN USE

The Bank of England might need to cut interest rates below zero later this year or in 2022 if a recovery in the economy disappoints, especially if there is persistent unemployment, policymaker Gertjan Vlieghe said. Vlieghe said he thought the likeliest scenario was that the economy would recover strongly as forecast by the central bank earlier this month, meaning a further loosening of monetary policy would not be needed. Data suggested the economy had stabilised after a new COVID-19 lockdown hit retailers last month, while businesses and consumers are hopeful a fast vaccination campaign will spur a recovery. Vlieghe said in a speech published by the BoE that there was a risk of lasting job market weakness hurting wages and prices. "In such a scenario, I judge more monetary stimulus would be appropriate, and I would favour a negative Bank Rate as the tool to implement the stimulus," he said. "The time to implement it would be whenever the data, or the balance of risks around it, suggest that the recovery is falling short of fully eliminating economic slack, which might be later this year or into next year," he added.

Japan's core consumer prices fell 0.6% in January from a year earlier, marking the sixth straight month of annual declines, as the coronavirus pandemic keeps the economy under deflationary pressure. The data is likely to reinforce market expectations the Bank of Japan will keep monetary settings ultra-loose for a long period to help the economy emerge from the pandemic's damage. The drop in the core consumer price index (CPI), which includes oil products but excludes volatile fresh food prices, compared with a median market forecast for a 0.7% fall and followed a 1.0% decline in December. The so-called "core-core" CPI, which strips away the impact of both energy and fresh food costs, rose 0.1% from a year earlier, government data showed. Japan's economy expanded more than expected in the fourth quarter, extending the recovery from its worst postwar recession thanks to a rebound in overseas demand that boosted exports and capital spending.

A report released by the National Association of Realtors showed another unexpected increase in U.S. existing home sales in the month of January. NAR said existing home sales rose by 0.6 percent to an annual rate of 6.69 million in January after climbing by 0.9 percent to a revised rate of 6.65 million in December. Compared to the same month a year ago, existing home sales in January were up by 23.7 percent. The continued growth came as surprise to economists, who had expected existing home sales to tumble by 2.2 percent to a rate of 6.61 million from the 6.76 million originally reported for the previous month. With another unexpected increase, existing home sales further offset the steep drop seen in November, when sales pulled back sharply off the fourteen-year high set in October. The report also said the median existing-home price in January was \$303,900, down 1.7 percent from \$309,200 in December but up 14.1 percent from \$266,300 a year ago.

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