

CURRENCY REPORT

KEDIA ADVISORY

Monday, January 4, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jan 2021	73.15	73.39	73.02	73.30	↑ 0.04	2739818	0.25	762381	73.28
EUR-INR	Jan 2021	89.50	89.90	89.45	89.72	↓ -0.25	252658	0.06	45135	89.76
GBP-INR	Jan 2021	99.88	99.95	99.75	99.83	↓ -0.12	181390	0.66	72852	99.85
JPY-INR	Jan 2021	70.99	71.10	70.92	71.03	↓ -0.02	28163	1.26	8458	71.04

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2214	1.2259	1.2214	1.2253	↑ 0.32
EURGBP	0.8937	0.8966	0.8937	0.8948	↑ 0.16
EURJPY	125.98	126.53	125.98	126.21	↑ 0.18
GBPJPY	141.08	141.31	140.66	141.03	↓ -0.04
GBPUSD	1.3664	1.3695	1.3641	1.3693	↑ 0.16
USDJPY	103.19	103.32	102.93	103.00	↓ -0.18

Economical Data

TIME	ZONE	DATA
1:45pm	EUR	Spanish Manufacturing PMI
2:15pm	EUR	Italian Manufacturing PMI
2:20pm	EUR	French Final Manufacturing PMI
2:25pm	EUR	German Final Manufacturing PMI
2:30pm	EUR	Final Manufacturing PMI
8:15pm	USD	Final Manufacturing PMI
8:30pm	USD	Construction Spending m/m
8:30pm	USD	FOMC Member Bostic Speaks
8:30pm	USD	FOMC Member Evans Speaks

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5594.5	↓ -0.09	Gold\$	1921.0	↑ 1.21
DAX	13718.8	↓ -0.31	Silver\$	27.1	↑ 2.72
DJIA	30409.6	↑ 0.24	Crude\$	48.5	↑ 0.62
FTSE 100	7586.8	↓ -0.78	Copper \$	7880.0	↑ 1.63
HANG SENG	27777.8	↓ -1.31	Aluminium \$	1991.5	↑ 0.56
KOSPI	2029.5	↓ -0.23	Nickel\$	17205.0	↑ 3.83
NASDAQ	12870.0	↑ 0.15	Lead\$	2018.5	↑ 1.51
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2781.0	↑ 1.16

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	1/1/2021	1,072.54	566.33	506.21

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

Category	Date	Buy Value	Sell Value	Net Value
DII	1/1/2021	2,505.67	2,436.27	69.40

Spread

Currency	Spread
NSE-CUR USDINR JAN-FEB	0.20
NSE-CUR EURINR JAN-FEB	0.22
NSE-CUR GBPINR JAN-FEB	0.23
NSE-CUR JPYINR JAN-FEB	0.17

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NSE-CUR USDINR Jan 2021



	Open	High	Low	Close
	73.15	73.39	73.02	73.30
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.45	73.60	73.81	
	Support 1	Support 2	Support 3	
	73.09	72.88	72.73	
Net Change	% Change	Open Interest	Volume	
0.03	0.04	2739818	762381	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.88-73.6.
- # USDINR traded in range as investors bet on more U.S. fiscal support
- # India's current account surplus moderated to \$15.5 billion or 2.4 percent of the GDP in the July-September quarter of the current fiscal.
- # The same was at \$19.2 billion or 3.8 percent of the GDP in the preceding three months on account of a rise in the merchandise trade deficit

Market Snapshot

USDINR yesterday settled up by 0.04% at 73.3 as investors bet on more U.S. fiscal support and positioned for year-end in light trading volume. Investors are betting that an improving economic outlook as COVID-19 vaccines are rolled out and unprecedented fiscal and monetary stimulus will boost global growth and asset prices in 2021. U.S. economic growth is expected to drag behind peers, however, with the U.S. currency also suffering from rising fiscal and current account deficits as the government increases spending to tackle coronavirus-related business shutdowns. India's current account surplus moderated to \$15.5 billion or 2.4 percent of the GDP in the July-September quarter of the current fiscal. The same was at \$19.2 billion or 3.8 percent of the GDP in the preceding three months on account of a rise in the merchandise trade deficit, the RBI said. A current account deficit of \$7.6 billion or 1.1 percent of the GDP was recorded in the second quarter of 2019-20. India recorded a current account surplus of 3.1 percent of the GDP in the first half of the fiscal as against a deficit of 1.6 percent in the corresponding period of 2019-20. The narrowing of the current account surplus in the second quarter of 2020-21 was due to a rise in the merchandise trade deficit to \$14.8 billion from \$10.8 billion in the preceding quarter, the central bank said. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 73.0328. Technically market is under fresh buying as market has witnessed gain in open interest by 0.25% to settled at 2739818 while prices up 0.03 rupees, now USDINR is getting support at 73.09 and below same could see a test of 72.88 levels, and resistance is now likely to be seen at 73.45, a move above could see prices testing 73.6.

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NSE-CUR EURINR Jan 2021



	Open	High	Low	Close
	89.50	89.90	89.45	89.72
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	89.93	90.14	90.38	
	Support 1	Support 2	Support 3	
	89.48	89.24	89.03	
Net Change	% Change	Open Interest	Volume	
	-0.22	-0.25	252658	45135

Trading Ideas for the Day

- # EURINR trading range for the day is 89.24-90.14.
- # Euro traded in range as investors bet on more U.S. fiscal support in light trading volume.
- # Investors are betting that an improving economic outlook as COVID-19 vaccines are rolled out
- # Spain's consumer prices continued to decline at the end of 2020, flash data published by the statistical office INE showed.

Market Snapshot

EURINR yesterday settled down by -0.25% at 89.7225 as investors bet on more U.S. fiscal support and positioned for year-end in light trading volume. Investors wagering a global economic recovery will suck money into riskier assets even as the U.S. has to borrow ever more to fund its swelling twin deficits. Investors are betting that an improving economic outlook as COVID-19 vaccines are rolled out and unprecedented fiscal and monetary stimulus will boost global growth and asset prices in 2021. U.S. economic growth is expected to drag behind peers, however, with the U.S. currency also suffering from rising fiscal and current account deficits as the government increases spending to tackle coronavirus-related business shutdowns. Data on Wednesday showed that the advance goods trade deficit rose to a record \$84.8 billion in November, from \$80.3 billion in November. Optimism of further stimulus came even after Senate Majority Leader Mitch McConnell put off a vote on increasing COVID-19 relief checks from \$600 to \$2,000. Spain's consumer prices continued to decline at the end of 2020, flash data published by the statistical office INE showed. Consumer prices decreased 0.5 percent year-on-year in December after easing 0.8 percent in November. Prices have been falling since April. Likewise, the annual fall in the harmonized consumer prices slowed to 0.6 percent from 0.8 percent. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 89.2271. Technically market is under fresh selling as market has witnessed gain in open interest by 0.06% to settled at 252658 while prices down -0.2225 rupees, now EURINR is getting support at 89.48 and below same could see a test of 89.24 levels, and resistance is now likely to be seen at 89.93, a move above could see prices testing 90.14.

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NSE-CUR GBPINR Jan 2021



	Open	High	Low	Close
	99.88	99.95	99.75	99.83
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	99.94	100.04	100.14	
	Support 1	Support 2	Support 3	
	99.74	99.64	99.54	
Net Change	% Change	Open Interest	Volume	
-0.12	-0.12	181390	72852	

Trading Ideas for the Day

- # GBPINR trading range for the day is 99.64-100.04.
- # GBP remained in range as UK widens English lockdowns as COVID variant surges
- # With no major surprises, UK House of Lords approved the Brexit trade deal
- # Brexit: Boris Johnson signs Brexit trade deal after MPs give overwhelming backing for EU agreement

Market Snapshot

GBPINR yesterday settled down by -0.12% at 99.83 as British Prime Minister Boris Johnson ordered millions more people to live under the strictest COVID-19 restrictions from Thursday to counter a new variant of the virus that is spreading at a "sheer pace" across the country. Case numbers have risen sharply in Britain in the last two weeks, driven in part by a new strain that is up to 70% more transmissible than the original. "Prime Minister Boris Johnson's post-Brexit trade deal won approval from the UK Parliament barely 24 hours before the country's final split from the European Union," said. The agreement earlier crossed the House of Commons with 521 votes in favor against 73 opposing it. It should be noted that the Scottish National Party (SNP) is against the bills while stating, "It will harm Scotland's fishing industry, and told Johnson it will bolster the case for independence." The government is hoping the agreement will pass through all of its required parliamentary stages in a single day. And, therefore, it will be fully ratified ahead of the end of the Brexit transition period at 11pm on New Year's Eve. Little more than an hour after the vote, Mr Johnson added his formal signature to the EU-UK trade deal in Downing Street. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 99.8018 Technically market is under fresh selling as market has witnessed gain in open interest by 0.66% to settled at 181390 while prices down -0.12 rupees, now GBPINR is getting support at 99.74 and below same could see a test of 99.64 levels, and resistance is now likely to be seen at 99.94, a move above could see prices testing 100.04.

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NSE-CUR JPYINR Jan 2021



	Open	High	Low	Close
	70.99	71.10	70.92	71.03
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		71.11	71.20	71.29
		Support 1	Support 2	Support 3
	70.93	70.84	70.75	
Net Change	% Change	Open Interest	Volume	
-0.02	-0.02	28163	8458	

Trading Ideas for the Day

- # JPYINR trading range for the day is 70.84-71.2.
- # JPY settled flat as the US dollar fell amid improved appetite for stocks and other risky assets.
- # Industrial output in Japan was flat on a seasonally adjusted basis in November, the Ministry of Economy, Trade and Industry said.
- # Japan's retail sales growth eased sharply in November and Tokyo consumer prices logged its third consecutive fall in December

Market Snapshot

JPYINR yesterday settled down by -0.02% at 71.0275 as the US dollar fell amid improved appetite for stocks and other risky assets. This came after US President Donald Trump signed the stimulus package, but uncertainty about the fiscal stimulus checks remains. The US House of Representatives voted to increase the stimulus checks for eligible Americans to \$2,000 from \$600, and the bill was sent to the Senate for a vote. The British health authorities approved the emergency use of the Oxford-AstraZeneca vaccine. British Prime Minister Boris Johnson said that the vaccine is 90% effective and that it is a victory for science in his country. Meanwhile, Covid-19 the daily number of infections continues to rise in Britain and the US. Industrial output in Japan was flat on a seasonally adjusted basis in November, the Ministry of Economy, Trade and Industry said. That missed expectations for an increase of 1.2 percent following the 4.0 percent gain in October. On a yearly basis, industrial production sank 3.4 percent, matching forecasts following the 3.0 percent drop in the previous month. Japan's retail sales growth eased sharply in November and Tokyo consumer prices logged its third consecutive fall in December as the third wave of coronavirus infections weighed on demand, official data showed. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 70.7. Technically market is under fresh selling as market has witnessed gain in open interest by 1.26% to settled at 28163 while prices down -0.0175 rupees, now JPYINR is getting support at 70.93 and below same could see a test of 70.84 levels, and resistance is now likely to be seen at 71.11, a move above could see prices testing 71.2.

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NEWS YOU CAN USE

India's financial sector should brace for challenging times ahead with an increased risk of deterioration in asset quality and lower demand for loans, the Reserve Bank of India (RBI) said in a report. The central bank has introduced various measures to support the banking sector including a relaxation in recognition and provisions for bad loans to protect lenders and creditors during the coronavirus pandemic. The roll back of these measures could now hit the books of banks. "The challenge is to rewind various relaxations in a timely manner, reining in loan impairment and adequate capital infusion for a healthy banking sector," the central bank said in its annual report on Trends and Progress of Banking in India. Non-banking financial companies (NBFCs) or shadow banks may see a hit on their profitability going forward due to asset quality concerns, lower credit demand and the tendency to preserve cash, the report said. Concerns still remain on non-performing assets, particularly on credit card loans which does not augur well for the risk-profile of Indian banks.

The U.S. Federal Reserve's response to the coronavirus pandemic began on Feb. 28 with a 44-word statement of faith in the economy from Chair Jerome Powell, an old-school measure aimed at calming nosediving financial markets. Within weeks, though, its actions became so groundbreaking they cast the U.S. central bank as creditor to the world and open to frightening amounts of risky debt. Even Powell felt the Fed had "crossed a lot of red lines that had not been crossed before." "We saw the economies around the world shutting down," he said in late spring, "and we felt called to do what we could." That included fast promises of massive bond purchases, an open window for dollars for other central banks, and eventually loan programs covering virtually any U.S. business and many local governments. Still, what happened proved the alarmists wrong: The Fed's balance sheet, a rough measure of its footprint in the economy, grew much less than expected; its most controversial lending programs attracted modest interest and will end Dec. 31.

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Note:

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