

# CURRENCY REPORT

KEDIA ADVISORY

Tuesday, January 19, 2021

## Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jan 2021	73.24	73.41	73.21	73.34	↑ 0.25	2643208	-2.53	1328326	73.34
EUR-INR	Jan 2021	88.56	88.62	88.43	88.56	↓ -0.25	188011	-2.50	130758	88.55
GBP-INR	Jan 2021	99.58	99.58	99.26	99.37	↓ -0.45	153285	-5.37	290491	99.40
JPY-INR	Jan 2021	70.64	70.75	70.57	70.70	↑ 0.17	26055	-4.42	39018	70.70

## Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2077	1.2097	1.2072	1.2096	↑ 0.16
EURGBP	0.8888	0.8896	0.8881	0.8885	↓ -0.03
EURJPY	125.22	125.68	125.11	125.68	↑ 0.37
GBPJPY	140.87	141.46	140.68	141.44	↑ 0.38
GBPUSD	1.3587	1.3615	1.3570	1.3614	↑ 0.22
USDJPY	103.70	103.91	103.62	103.89	↑ 0.19

## Economical Data

TIME	ZONE	DATA
12:30pm	EUR	German Final CPI m/m
2:30pm	EUR	Current Account
2:30pm	EUR	Italian Trade Balance
All Day	EUR	ECOFIN Meetings
3:30pm	EUR	ZEW Economic Sentiment
3:30pm	EUR	German ZEW Economic Sentiment

## Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5602.3	↓ -0.17	Gold\$	1841.3	↑ 0.24
DAX	13810.1	↑ 0.16	Silver\$	25.2	↑ 1.17
DJIA	30814.3	↓ -0.57	Crude\$	52.3	↓ -0.04
FTSE 100	7586.8	↓ -0.78	Copper \$	7991.0	↑ 0.58
HANG SENG	27777.8	↓ -1.31	Aluminium \$	1970.0	→ 0.00
KOSPI	2029.5	↓ -0.23	Nickel\$	18070.0	↓ -0.11
NASDAQ	12998.5	↓ -0.87	Lead\$	2000.0	↑ 0.25
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2690.5	↑ 0.47

## 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	18/01/2021	7,847.77	7,197.17	650.60

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

Category	Date	Buy Value	Sell Value	Net Value
DII	18/01/2021	6,371.06	6,413.57	-42.51

## Spread

Currency	Spread
NSE-CUR USDINR JAN-FEB	0.22
NSE-CUR EURINR JAN-FEB	0.28
NSE-CUR GBPINR JAN-FEB	0.30
NSE-CUR JPYINR JAN-FEB	0.20

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## NSE-CUR USDINR Jan 2021



	Open	High	Low	Close
	73.24	73.41	73.21	73.34
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.43	73.52	73.63	
	Support 1	Support 2	Support 3	
	73.23	73.12	73.03	
Net Change	% Change	Open Interest	Volume	
0.19	0.25	2643208	1328326	

## Trading Ideas for the Day

- # USDINR trading range for the day is 73.12-73.52.
- # USDINR ended with gains as an undercurrent of risk aversion swept through currency markets in the backdrop of weak U.S. economic data.
- # India's forex reserves up by \$758 million to lifetime high of \$586.082 billion
- # India's December trade deficit widens to \$15.44 billion

## Market Snapshot

USDINR yesterday settled up by 0.25% at 73.3425 as an undercurrent of risk aversion swept through currency markets in the backdrop of weak U.S. economic data. US government will provide more economic stimulus and also the policy of the U.S. Federal Reserve is unlikely to become more hawkish going forward. U.S. President-elect Joe Biden outlined a \$1.9 trillion stimulus package proposal last week to jump-start the economy and accelerate the distribution of COVID-19 vaccines. Fed Chair Jerome Powell also said there was no reason to alter the central bank's highly accommodative stance with the U.S. economy still far from its inflation and employment goals. India's trade deficit in goods widened to \$15.44 billion in December as imports rose to \$42.59 billion, pushed by a surge in gold imports, while merchandise exports were up marginally, revised data released by the government showed. The merchandise trade deficit was \$12.49 billion in December 2019. The merchandise exports rose 0.14% in December from a year earlier to \$27.15 billion, the data showed. The country's foreign exchange reserves rose by \$758 million to reach a record high of \$586.082 billion in the week ended January 8, RBI data showed. In the previous week ended January 1, the reserves had increased by \$4.483 billion to \$585.324 billion. In the reporting week, foreign currency assets (FCAs), a major component of the overall reserves, rose by \$150 million to \$541.791 billion. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 73.22. Technically market is under short covering as market has witnessed drop in open interest by -2.53% to settled at 2643208 while prices up 0.185 rupees, now USDINR is getting support at 73.23 and below same could see a test of 73.12 levels, and resistance is now likely to be seen at 73.43, a move above could see prices testing 73.52.

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## NSE-CUR EURINR Jan 2021



	Open	High	Low	Close
	88.56	88.62	88.43	88.56
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	88.65	88.74	88.85	
	Support 1	Support 2	Support 3	
	88.45	88.34	88.25	
Net Change	% Change	Open Interest	Volume	
-0.22	-0.25	188011	130758	

## Trading Ideas for the Day

- # EURINR trading range for the day is 88.34-88.74.
- # Euro dropped as dollar seen up amid ever-increasing COVID-19 cases and an Italian political crisis that is casting doubts over the region's economic recovery.
- # The Italian economy is set to expand this year and next, but will return to pre-pandemic levels only in 2023, the Bank of Italy projections showed.
- # Eurozone exports increased for the seventh straight month in November, first estimate from Eurostat showed

## Market Snapshot

EURINR yesterday settled down by -0.25% at 88.5625 as dollar seen up amid ever-increasing COVID-19 cases and an Italian political crisis that is casting doubts over the region's economic recovery. Investors turned to the safe-haven asset amid disappointing U.S. economic data and the rising number of COVID-19 cases. The dollar has been supported by the Democrat victories in the runoff Senate elections in the state of Georgia earlier in the month, which saw a surge in U.S. yields as Democrats gained control of the Congress and investors see fewer resections on a borrow-and-spend administration. U.S. President-Elect Joe Biden and his administration are also due to be inaugurated in a heavily guarded ceremony on Wednesday. Alongside the risk that supporters of incumbent President Donald Trump will perpetrate further violence in the runup to the inauguration, investors are also beginning to question how much of the \$1.9 trillion stimulus measures proposed by Biden during the previous week will make it through Congress. Meanwhile, investors are also digesting U.S. economic data. The data showed that core retail sales contracted 1.4% month-on-month in December, large than the 0.1% contraction in forecasts. The Italian economy is set to expand this year and next, but will return to pre-pandemic levels only in 2023, the Bank of Italy projections showed. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.4122 Technically market is under long liquidation as market has witnessed drop in open interest by -2.5% to settled at 188011 while prices down -0.22 rupees, now EURINR is getting support at 88.45 and below same could see a test of 88.34 levels, and resistance is now likely to be seen at 88.65, a move above could see prices testing 88.74.

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## NSE-CUR GBPINR Jan 2021



	Open	High	Low	Close
	99.58	99.58	99.26	99.37
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	99.54	99.71	99.85	
	Support 1	Support 2	Support 3	
	99.23	99.09	98.92	
Net Change	% Change	Open Interest	Volume	
-0.45	-0.45	153285	290491	

## Trading Ideas for the Day

- # GBPINR trading range for the day is 99.09-99.71.
- # GBP dropped after the release of weak economic data, and the lingering impact of the coronavirus crisis.
- # Britain's government hopes to ease some lockdown restrictions in March as it presses ahead with Europe's fastest rollout of COVID-19 vaccines
- # Data showed that the UK's industrial production index fell 0.1% in December, worse than forecasts of a rise by 0.5%

## Market Snapshot

GBPINR yesterday settled down by -0.45% at 99.37 after the release of weak economic data, and the lingering impact of the coronavirus crisis. British Prime Minister Boris Johnson re-imposed lockdown restrictions in the country from January to mid-February to curb the coronavirus outbreak. Data showed that the UK's industrial production index fell 0.1% in December, while the manufacturing production index rose by 0.7%, lower than expectations of 1%. The UK's GDP contracted by 2.6% in December, better than forecasts of a contraction by 4.6%. Britain's government hopes to ease some lockdown restrictions in March as it presses ahead with Europe's fastest rollout of COVID-19 vaccines, foreign minister Dominic Raab said. The country, which also has Europe's highest COVID-19 death toll, has been under national lockdown since Jan. 5, with schools closed for most pupils, non-essential businesses shut and people ordered to work from home where possible. "By early spring, hopefully by March, we'll be in a position to make those decisions. I think it's right to say we won't do it all in one big bang. As we phase out the national lockdown, I think we'll end up phasing through a (regional) tiered approach." Prime Minister Boris Johnson has set a target of vaccinating the oldest age groups, the clinically vulnerable and frontline workers - roughly 14 million people - by the middle of February. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 99.3478. Technically market is under long liquidation as market has witnessed drop in open interest by -5.37% to settled at 153285 while prices down -0.45 rupees, now GBPINR is getting support at 99.23 and below same could see a test of 99.09 levels, and resistance is now likely to be seen at 99.54, a move above could see prices testing 99.71.

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## NSE-CUR JPYINR Jan 2021



	Open	High	Low	Close
	70.64	70.75	70.57	70.70
Support and Resistance for the Day		<b>Resit 1</b>	<b>Resit 2</b>	<b>Resit 3</b>
		70.77	70.84	70.94
		<b>Support 1</b>	<b>Support 2</b>	<b>Support 3</b>
	70.60	70.50	70.43	
Net Change	% Change	Open Interest	Volume	
0.12	0.17	26055	39018	

## Trading Ideas for the Day

- # JPYINR trading range for the day is 70.5-70.84.
- # JPY gains as softening U.S. economic data and rising global coronavirus cases kept investors cautious
- # The Bank of Japan upgraded its economic assessment of three out of nine regions and downgraded one
- # Japan's tertiary activity dropped for the sixth month in a row in November, data from the Ministry of Economy, Trade and Industry showed.

## Market Snapshot

JPYINR yesterday settled up by 0.17% at 70.7 as investors turned to the safe-haven asset amid disappointing U.S. economic data and the rising number of COVID-19 cases. The dollar has been supported by the Democrat victories in the runoff Senate elections in the state of Georgia earlier in the month, which saw a surge in U.S. yields as Democrats gained control of the Congress and investors see fewer resections on a borrow-and-spend administration. U.S. President-Elect Joe Biden and his administration are also due to be inaugurated in a heavily guarded ceremony on Wednesday. Alongside the risk that supporters of incumbent President Donald Trump will perpetrate further violence in the runup to the inauguration, investors are also beginning to question how much of the \$1.9 trillion stimulus measures proposed by Biden during the previous week will make it through Congress. The Bank of Japan upgraded its economic assessment of three out of nine regions and downgraded one, according to the latest Regional Economic Report. Many regions, while noting that their economy had been in a severe situation due to the impact of the novel coronavirus, there were signs of picking up. Japan's tertiary activity dropped for the sixth month in a row in November, data from the Ministry of Economy, Trade and Industry showed. The tertiary activity index declined 0.7 percent month-on-month in November, after a 1.6 percent increase in October. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 70.57 Technically market is under short covering as market has witnessed drop in open interest by -4.42% to settled at 26055 while prices up 0.1225 rupees, now JPYINR is getting support at 70.6 and below same could see a test of 70.5 levels, and resistance is now likely to be seen at 70.77, a move above could see prices testing 70.84.

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## NEWS YOU CAN USE

China's economy picked up speed in the fourth quarter, with growth beating expectations as it ended a rough coronavirus-stricken 2020 in remarkably good shape and remained poised to expand further this year even as the global pandemic raged unabated. The world's second-largest economy has surprised many with the speed of its recovery from last year's coronavirus jolt, especially as policymakers have also had to navigate tense U.S.-China relations on trade and other fronts. Beijing's strict virus curbs enabled it to largely contain the COVID-19 outbreak much quicker than most countries, while government-led policy stimulus and local manufacturers stepping up production to supply goods to many countries crippled by the pandemic have also helped fire up momentum. Gross domestic product (GDP) expanded 6.5% year-on-year in the fourth quarter, data from the National Bureau of Statistics showed, quicker than the 6.1% forecast and followed an upwardly revised 4.9% growth in the third quarter. GDP grew 2.3% in 2020, the data showed, making China the only major economy in the world to avoid a contraction last year as many nations struggled to contain the COVID-19 pandemic.

The Federal Reserve has no plans to dial back its super-easy policy even as the incoming Biden administration lobbies for a new and massive round of stimulus that sets the economy up for faster growth once vaccines are fully rolled out. Boston Fed Bank President Eric Rosengren was the latest to join the chorus at the U.S. central bank calling for continued support for the economy, saying on Friday he welcomes President-elect Joe Biden's proposed \$1.9 trillion stimulus package. "It is a big package but I think it's appropriate," Rosengren told. "The economy is in a lull right now," he said, citing a decline in jobs in December and a still-high unemployment rate of 6.7%. "The mix that we have actually on fiscal and monetary policy is appropriate." Rosengren's comments come after Fed Chair Jerome Powell on Thursday and other policymakers earlier in the week pushed back after a couple of their colleagues expressed optimism for sharp economic growth in the second half of the year and signaled they would consider tapering the Fed's asset purchase program in response. "Now is not the time to be talking about exit," Powell said. "I expect that the current pace of purchases will remain appropriate for quite some time," Fed Governor Lael Brainard said on Wednesday. Both noted the economy is still far from the Fed's goals of full employment and 2% inflation.

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