

CURRENCY REPORT

KEDIA ADVISORY

Wednesday, January 20, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jan 2021	73.25	73.39	73.17	73.20	↓ -0.19	2597518	-1.73	1420786	73.27
EUR-INR	Jan 2021	88.59	88.86	88.54	88.82	↑ 0.29	175166	-6.83	156277	88.74
GBP-INR	Jan 2021	99.52	99.85	99.52	99.69	↑ 0.32	138785	-9.46	244162	99.68
JPY-INR	Jan 2021	70.58	70.58	70.36	70.42	↓ -0.40	26676	2.38	45322	70.44

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2127	1.2147	1.2125	1.2142	↑ 0.12
EURGBP	0.8895	0.8904	0.8890	0.8896	↑ 0.02
EURJPY	125.97	126.19	125.87	126.01	→ 0.01
GBPJPY	141.62	141.78	141.55	141.63	→ 0.01
GBPUSD	1.3630	1.3652	1.3628	1.3647	↑ 0.10
USDJPY	103.91	103.93	103.69	103.78	↓ -0.11

Economical Data

TIME	ZONE	DATA
12:30pm	EUR	German PPI m/m
3:30pm	EUR	Final CPI y/y
3:30pm	EUR	Final Core CPI y/y
8:30pm	USD	NAHB Housing Market Index
Tentative	USD	President-Elect Biden Speaks

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5621.3	↑ 0.07	Gold\$	1847.4	↑ 0.41
DAX	13890.9	↑ 0.31	Silver\$	25.4	↑ 0.84
DJIA	30814.3	↓ -0.57	Crude\$	52.9	↑ 1.18
FTSE 100	7586.8	↓ -0.78	Copper \$	8010.0	↑ 0.20
HANG SENG	27777.8	↓ -1.31	Aluminium \$	1976.5	↑ 0.18
KOSPI	2029.5	↓ -0.23	Nickel\$	18175.0	→ 0.00
NASDAQ	12998.5	↓ -0.87	Lead\$	2013.5	↑ 0.15
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2694.0	↑ 0.15

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	19/01/2021	6,715.91	6,458.36	257.55

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

Category	Date	Buy Value	Sell Value	Net Value
DII	19/01/2021	5,146.41	5,345.71	-199.30

Spread

Currency	Spread
NSE-CUR USDINR JAN-FEB	0.23
NSE-CUR EURINR JAN-FEB	0.28
NSE-CUR GBPINR JAN-FEB	0.28
NSE-CUR JPYINR JAN-FEB	0.21

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NSE-CUR USDINR Jan 2021



	Open	High	Low	Close
	73.25	73.39	73.17	73.20
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.33	73.47	73.55	
	Support 1	Support 2	Support 3	
	73.11	73.03	72.89	
Net Change	% Change	Open Interest	Volume	
	-0.14	-0.19	2597518	1420786

Trading Ideas for the Day

- # USDINR trading range for the day is 73.03-73.47.
- # USDINR dropped as investors prepared for U.S. Treasury Secretary nominee Janet Yellen to talk up the need for major fiscal stimulus
- # 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 down by -0.19% at 73.2 as investors prepared for U.S. Treasury Secretary nominee Janet Yellen to talk up the need for major fiscal stimulus and commit to a market-determined exchange rate when she testifies later in the day. The fall in the greenback came after a 2% rise in the dollar so far in 2021, a gain which caught off guard many investors who had betted on a further dollar decline following its weakness in 2020. India's economy is expected to contract 7.7% in the current financial year ending in March, the worst performance in four decades, which is likely to prompt the finance minister to make a push for growth in the budget next month. The estimate released by the Central Statistics Office is broadly in line with the forecasts of private economists, who envisage a contraction of 7-9.5% for the 2020/21 fiscal year, and the central bank, which has revised its estimate to 7.5%. India's retail inflation likely fell sharply in December, landing within the Reserve Bank of India's target range, due to a significant drop in vegetable and food prices. Inflation had been above the central bank's target range of 2%-6% for the eight months since April, a streak not seen since August 2014. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 73.1803. Technically market is under long liquidation as market has witnessed drop in open interest by -1.73% to settled at 2597518 while prices down -0.1425 rupees, now USDINR is getting support at 73.11 and below same could see a test of 73.03 levels, and resistance is now likely to be seen at 73.33, a move above could see prices testing 73.47.

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NSE-CUR EURINR Jan 2021



	Open	High	Low	Close
	88.59	88.86	88.54	88.82
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	88.94	89.06	89.26	
	Support 1	Support 2	Support 3	
	88.62	88.42	88.30	
Net Change	% Change	Open Interest	Volume	
0.26	0.29	175166	156277	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.42-89.06.
- # Euro seen supported as the euro zone's current account surplus narrowed slightly in November due to a larger deficit in secondary income
- # The bloc of 19 countries sharing the euro recorded a current account surplus of 24.6 billion euros in November, down from 25.6 billion euros in October
- # The German economic recovery will face significant setback if the rate of coronavirus infections fails to ease and the lockdown restrictions are subsequently extended

Market Snapshot

EURINR yesterday settled up by 0.29% at 88.8175 as the euro zone's current account surplus narrowed slightly in November due to a larger deficit in secondary income, which includes outflows such as remittances and taxes, European Central Bank data showed. The bloc of 19 countries sharing the euro recorded a current account surplus of 24.6 billion euros in November, down from 25.6 billion euros in October, according to adjusted figures. As for Italy, political tensions are escalating as the fate of the current government is hinging on the results of Parliament's vote to continue in power. The German economic recovery will face significant setback if the rate of coronavirus infections fails to ease and the lockdown restrictions are subsequently extended, the Bundesbank said in its latest monthly report. The economic recovery in the biggest euro area economy slowed down in the final three months of 2020 amid a resurgence in the Covid-19 infections. The government restored lockdown restrictions to battle the pandemic. Bundesbank assessed that there was no major setback as economic activity continued to recover. Industry, construction and retail sales continued to recover until November. "This would have counterbalanced the losses that are likely to have arisen as a result of the closings of the stationary retail trade ordered in December," the bank said. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.5101 Technically market is under short covering as market has witnessed drop in open interest by -6.83% to settled at 175166 while prices up 0.255 rupees, now EURINR is getting support at 88.62 and below same could see a test of 88.42 levels, and resistance is now likely to be seen at 88.94, a move above could see prices testing 89.06.

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NSE-CUR GBPINR Jan 2021



	Open	High	Low	Close
	99.52	99.85	99.52	99.69
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		99.85	100.01	100.17
		Support 1	Support 2	Support 3
	99.53	99.37	99.21	
Net Change	0.32	% Change	0.32	Open Interest
			138785	Volume
				244162

Trading Ideas for the Day

- # GBPINR trading range for the day is 99.37-100.01.
- # GBP gained seen benefited from the Bank of England pushing out the horizon for a potential introduction of negative interest rates.
- # UK house prices declined at a faster pace in January before the stamp duty holiday ends, the property website Rightmove said.
- # The UK economy is set to log negative growth in the first three months of this year

Market Snapshot

GBPINR yesterday settled up by 0.32% at 99.69 seen benefited from the Bank of England pushing out the horizon for a potential introduction of negative interest rates. Traders expecting U.S. Treasury Secretary nominee Janet Yellen to affirm a more traditional commitment to market-set currency rates. President-elect Joe Biden's pick to head the Treasury is prepared to say the United States "doesn't seek a weaker currency to gain competitive advantage", returning to a more traditional posture after outgoing President Donald Trump often railed against dollar strength. The greenback has also been helped recently by an unwinding of bearish bets, with data showing that hedge funds piled up the biggest net short position since May 2011 in the week ended Jan. 12. Such large positions suggest that traders would be relatively more inclined to reduce their positions than add to already big bets. UK house prices declined at a faster pace in January before the stamp duty holiday ends, the property website Rightmove said. The UK economy is set to log negative growth in the first three months of this year, the National Institute of Social and Economic research said, as the country went into a third and a tighter lockdown at the start of the year to battle the new and fast-spreading strain of coronavirus and due to the post-Brexit adjustment. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 99.5677 Technically market is under short covering as market has witnessed drop in open interest by -9.46% to settled at 138785 while prices up 0.32 rupees, now GBPINR is getting support at 99.53 and below same could see a test of 99.37 levels, and resistance is now likely to be seen at 99.85, a move above could see prices testing 100.01.

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NSE-CUR JPYINR Jan 2021



	Open	High	Low	Close
	70.58	70.58	70.36	70.42
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		70.54	70.67	70.76
		Support 1	Support 2	Support 3
	70.32	70.23	70.10	
Net Change	% Change	Open Interest	Volume	
	-0.29	-0.4	26676	45322

Trading Ideas for the Day

- # JPYINR trading range for the day is 70.23-70.67.
- # JPY dropped as US dollar rose amid the market's risk-off sentiment due to concerns over the rising Covid-19 infections in most parts of the
- # The US dollar shined as the best alternative investment, as the market's risk appetite dampened due to renewed concerns about the rising Covid-19 infections
- # Japan's industrial production declined for the first time in six months in November

Market Snapshot

JPYINR yesterday settled down by -0.4% at 70.415 as US dollar rose amid the market's risk-off sentiment due to concerns over the rising Covid-19 infections in most parts of the world, in addition to political tensions in Italy. The largest weekly gain in around 4 months came thanks to a jump by the US 10-year Treasury bonds yield above the 1% barrier for the first time since March 2010, and hit a 10-month high at 1.184%. The US dollar shined as the best alternative investment, as the market's risk appetite dampened due to renewed concerns about the rising Covid-19 infections in most parts of the world, especially in China, the world's second largest economy. Japan's industrial production declined for the first time in six months in November, final data from the Ministry of Economy, Trade and Industry showed. Industrial output dropped 0.5 percent month-on-month, in contrast to October's 4 percent increase and the flash estimate of nil growth. This was the first fall in six months. Shipments fell 1.2 percent, in contrast to previous month's 4.9 percent increase. The rate was revised from -0.9 percent estimated previously. Inventories were down 1.5 percent, bigger than the preliminary estimate of -1.1 percent but slower than the 1.8 percent drop seen a month ago. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 70.35 Technically market is under fresh selling as market has witnessed gain in open interest by 2.38% to settled at 26676 while prices down -0.285 rupees, now JPYINR is getting support at 70.32 and below same could see a test of 70.23 levels, and resistance is now likely to be seen at 70.54, a move above could see prices testing 70.67.

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NEWS YOU CAN USE

The German economy is managing to stay afloat but could suffer a "sizeable setback" if coronavirus curbs are extended again, the Bundesbank said. Germany has taken increasingly tight measures, such as closing some schools and shops, to curtail movement and gatherings since the autumn as it battles a second wave of infections. Chancellor Angela Merkel wants "very fast action" to counter the spread of COVID-19 mutations and has brought forward a meeting with regional leaders to this week to discuss tougher restrictions. The central bank said the economy should be able to hold its ground in the face of existing curbs but could hit reverse if the measures are extended or tightened. "If infections failed to ease significantly and current restrictions on economic activity were to persist or even be tightened, there could be a sizeable setback," the Bundesbank said in its monthly report. Health Minister Jens Spahn has already said Germany will not be able to lift all curbs at the beginning of February. The Bundesbank said the economy likely stagnated but did not shrink in the last three months of 2020 as a rebound in industry and construction made up for a slump in hospitality and retail. "These encouraging signals about the resilience of the German economy give hope that restrictions on economic activity, extended and tightened at the start of the new year, should not overly delay the recovery," the central bank said.

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.

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