

CURRENCY REPORT

KEDIA ADVISORY

Thursday, January 21, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jan 2021	73.23	73.25	73.03	73.08	↓ -0.17	2618281	0.80	1310587	73.13
EUR-INR	Jan 2021	88.90	88.97	88.56	88.59	↓ -0.26	170922	-2.42	146592	88.76
GBP-INR	Jan 2021	99.86	100.18	99.81	100.07	↑ 0.38	141614	2.04	353871	100.01
JPY-INR	Jan 2021	70.51	70.58	70.38	70.41	→ 0.00	25364	-4.92	36913	70.49

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2109	1.2131	1.2106	1.2123	↑ 0.11
EURGBP	0.8867	0.8871	0.8859	0.8869	↑ 0.02
EURJPY	125.40	125.60	125.25	125.58	↑ 0.14
GBPJPY	141.39	141.66	141.31	141.59	↑ 0.14
GBPUSD	1.3653	1.3682	1.3648	1.3669	↑ 0.10
USDJPY	103.56	103.67	103.46	103.57	→ 0.01

Economical Data

TIME	ZONE	DATA
6:15pm	EUR	Monetary Policy Statement
6:15pm	EUR	Main Refinancing Rate
7:00pm	EUR	ECB Press Conference
7:00pm	USD	Philly Fed Manufacturing Index
7:00pm	USD	Unemployment Claims
7:00pm	USD	Building Permits
7:00pm	USD	Housing Starts
8:30pm	EUR	Consumer Confidence

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5620.5	↑ 0.39	Gold\$	1868.7	↓ -0.04
DAX	13889.8	↑ 0.54	Silver\$	25.7	↓ -0.31
DJIA	30930.5	↑ 0.38	Crude\$	53.3	↑ 0.62
FTSE 100	7586.8	↓ -0.78	Copper \$	8061.0	↑ 0.24
HANG SENG	27777.8	↓ -1.31	Aluminium \$	1993.0	↑ 0.23
KOSPI	2029.5	↓ -0.23	Nickel\$	18360.0	↑ 0.96
NASDAQ	13197.2	↑ 1.53	Lead\$	2044.0	↑ 0.25
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2725.5	↓ -0.09

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	20/01/2021	7,701.29	5,412.24	2,289.05

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

Category	Date	Buy Value	Sell Value	Net Value
DII	20/01/2021	5,084.73	5,949.35	-864.62

Spread

Currency	Spread
NSE-CUR USDINR JAN-FEB	0.22
NSE-CUR EURINR JAN-FEB	0.28
NSE-CUR GBPINR JAN-FEB	0.27
NSE-CUR JPYINR JAN-FEB	0.21

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NSE-CUR USDINR Jan 2021



	Open	High	Low	Close
	73.23	73.25	73.03	73.08
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.21	73.34	73.43	
	Support 1	Support 2	Support 3	
	72.99	72.90	72.77	
Net Change	% Change	Open Interest	Volume	
	-0.12	-0.17	2618281	1310587

Trading Ideas for the Day

- # USDINR trading range for the day is 72.9-73.34.
- # Rupee traded in range as U.S. Treasury Secretary nominee Janet Yellen urged lawmakers to "act big" on stimulus spending at her confirmation hearing.
- # 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 -0.17% at 73.0775 as U.S. Treasury Secretary nominee Janet Yellen urged lawmakers to "act big" on stimulus spending at her confirmation hearing and said she believes in market-determined exchange rates, without expressing a view on the dollar's direction. 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 73.1251 Technically market is under fresh selling as market has witnessed gain in open interest by 0.8% to settled at 2618281 while prices down - 0.1225 rupees, now USDINR is getting support at 72.99 and below same could see a test of 72.9 levels, and resistance is now likely to be seen at 73.21, a move above could see prices testing 73.34.

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NSE-CUR EURINR Jan 2021



	Open	High	Low	Close
	88.90	88.97	88.56	88.59
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	88.85	89.11	89.25	
	Support 1	Support 2	Support 3	
	88.45	88.31	88.05	
Net Change	% Change	Open Interest	Volume	
-0.23	-0.26	170922	146592	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.31-89.11.
- # Euro dropped paring gains on profit booking after seen supported on bright German investor sentiment, Italian politics
- # Euro bounced off support around \$1.2050, following a ZEW investor sentiment survey that beat forecasts and the Italian government surviving a confidence vote
- # ECB's Centeno says boosting euro's international role is significant challenge

Market Snapshot

EURINR yesterday settled down by -0.26% at 88.59 on profit booking after seen supported as investors' mood brightened in the wake of a better-than-expected sentiment survey in Germany and big spending talk from U.S. Treasury Secretary nominee Janet Yellen. Euro bounced off support around \$1.2050, following a ZEW investor sentiment survey that beat forecasts and the Italian government surviving a confidence vote. Germany's economy is set to grow 3.5 percent this year after a 5.4 percent contraction in the coronavirus-hit 2020, the International Monetary Fund said in a report. The economic recovery in the biggest euro area economy would be choppy and unevenly distributed across sectors, and with quarterly swings conditioned by volatile infection dynamics through early 2021, the IMF said in the Article IV Consultation report. The euro zone needs to reinforce the common currency's international role, which remains a significant challenge despite recent advances, European Central Bank governing council member Mario Centeno said. Centeno said he was optimistic because "Europe is much better equipped today than in the past regarding its institutions", citing its "quite impressive" response to the coronavirus pandemic. "The euro proved this time to be a very, very flexible and strong institution to all member States. The risks that some countries could see 10 years ago regarding the euro are today much smaller," he told. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.8046 Technically market is under long liquidation as market has witnessed drop in open interest by -2.42% to settled at 170922 while prices down -0.2275 rupees, now EURINR is getting support at 88.45 and below same could see a test of 88.31 levels, and resistance is now likely to be seen at 88.85, a move above could see prices testing 89.11.

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NSE-CUR GBPINR Jan 2021



	Open	High	Low	Close
	99.86	100.18	99.81	100.07
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		100.23	100.39	100.60
		Support 1	Support 2	Support 3
	99.86	99.65	99.49	
Net Change		% Change	Open Interest	Volume
	0.38	0.38	141614	353871

Trading Ideas for the Day

- # GBPINR trading range for the day is 99.65-100.39.
- # GBP gained getting support from the Bank of England's prediction that Britain's economy begins to "recover at a rate of knots" in the second half of the year
- # GBP has also benefited lately from the Bank of England pushing out the horizon for a potential introduction of negative interest rates.
- # Business volumes in UK financial services grew for the first time in two years during the final quarter of 2020

Market Snapshot

GBPINR yesterday settled up by 0.38% at 100.065 getting support from the Bank of England's chief economist's prediction that Britain's economy begins to "recover at a rate of knots" in the second half of the year. Sterling has also benefited lately from the Bank of England pushing out the horizon for a potential introduction of negative interest rates. Business volumes in UK financial services grew for the first time in two years during the final quarter of 2020 when firms shed staff and remote working in the pandemic spurred reviews of office space, a survey showed. The latest Financial Services Survey published by employers' body CBI and compiled by consultants PwC, was completed before a third lockdown was introduced in England from January. A trade deal with the European Union came into effect on Jan. 1 but does not cover financial services, which is being handled separately by Brussels under its "equivalence" system. Bank of England chief economist Andy Haldane said on Tuesday that he continued to expect a rapid economic recovery once vaccines against COVID are rolled out, keeping a lid on unemployment. Haldane said that he expected recovery to be faster than after the 2008-9 financial crisis, as the economic collapse in 2020 had done less damage to business and household balance sheets with less overhang of bad debt than in the financial crisis. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 99.8874 Technically market is under fresh buying as market has witnessed gain in open interest by 2.04% to settled at 141614 while prices up 0.375 rupees, now GBPINR is getting support at 99.86 and below same could see a test of 99.65 levels, and resistance is now likely to be seen at 100.23, a move above could see prices testing 100.39.

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NSE-CUR JPYINR Jan 2021



	Open	High	Low	Close
	70.51	70.58	70.38	70.41
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		70.53	70.65	70.72
		Support 1	Support 2	Support 3
	70.34	70.27	70.15	
Net Change	% Change	Open Interest	Volume	
0.00	0	25364	36913	

Trading Ideas for the Day

- # JPYINR trading range for the day is 70.27-70.65.
- # JPY settled flat as dollar dropped after big spending talk from U.S. Treasury Secretary nominee Janet Yellen.
- # Yellen's comments, urging lawmakers to "act big" on coronavirus relief and not worry too much about debt
- # Sentiment among Japanese manufacturers stabilised in January to the least pessimistic in more than a year from the impact of COVID-19

Market Snapshot

JPYINR yesterday settled flat after big spending talk from U.S. Treasury Secretary nominee Janet Yellen. Yellen's comments, urging lawmakers to "act big" on coronavirus relief and not worry too much about debt, helped assuage this week's risk averse tone and knocked the dollar index from a one-month high. Sentiment among Japanese manufacturers stabilised in January to the least pessimistic in more than a year from the impact of COVID-19, but service firms grew gloomier just as new lockdowns hit most of the population, the Reuters Tankan poll found. Manufacturers in the world's third-biggest economy were the least pessimistic since July 2019, though the outlook, especially for services, is clouded by a pandemic state of emergency covering Tokyo and other population centres through Feb. 7. Japan's economy surged an annualised 22.9% in the third quarter, rebounding from its deepest postwar slump in the July-September period when the pandemic crushed economic activity. The government had already committed to spending \$3 trillion to bolster the economy before Prime Minister Yoshihide Suga this month announced a second state of emergency, which now covers Tokyo, Osaka, Kyoto and other areas accounting for 55% of Japan's population. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 70.48. Technically market is under long liquidation as market has witnessed drop in open interest by -4.92% to settled at 25364 while prices remain unchanged -0.0025 rupees, now JPYINR is getting support at 70.34 and below same could see a test of 70.27 levels, and resistance is now likely to be seen at 70.53, a move above could see prices testing 70.65.

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NEWS YOU CAN USE

Eurozone banks tightened lending conditions across all loan categories in the fourth quarter, the January Bank Lending Survey from the European Central Bank showed. The banks credit standards for loans to enterprises, loans to households for house purchases and consumer credit were tightened in the fourth quarter. The lenders cited the deterioration of the general economic outlook, increased credit risk of borrowers as well as a lower risk tolerance as relevant factors for the tightening. In the first quarter of 2021, banks expect credit standards to continue to tighten for loans to firms and households. The survey showed that firms' demand for loans declined further in the fourth quarter, while demand for housing loans continued to increase reflecting a catching-up in demand after the first lockdown period in the second quarter. For consumer credit and other lending to households, a net percentage of banks reported a decline in demand in the fourth quarter. Lenders noted that coronavirus-related government guarantees supported credit standards and helped keep terms and conditions for loans to firms more favorable in 2020.

Germany's economy is set to grow 3.5 percent this year after a 5.4 percent contraction in the coronavirus-hit 2020, the International Monetary Fund said in a report. The economic recovery in the biggest euro area economy would be choppy and unevenly distributed across sectors, and with quarterly swings conditioned by volatile infection dynamics through early 2021, the IMF said in the Article IV Consultation report. "The recovery should firm up once there is wide distribution of effective vaccines, but output is not expected to return to its pre-crisis level until 2022," the report said. "The baseline projection is subject to unusually large uncertainty, with risks tilted to the downside as resurgent infection waves may trigger renewed or prolonged lockdowns and deepen economic scarring." Germany's export dependence and financial openness also make it vulnerable to shocks to external demand, the lender said. Longstanding challenges related to population aging, infrastructure gaps and an impending green energy transition will be compounded by structural changes ushered in by the pandemic, the IMF added. The unemployment rate is forecast to rise to 4.3 percent from 4.2 percent.

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