

CURRENCY REPORT

KEDIA ADVISORY

Friday, January 22, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jan 2021	72.98	73.06	72.93	73.03	↓ -0.06	2631952	0.52	1797962	73.01
EUR-INR	Jan 2021	88.54	89.11	88.47	88.68	↑ 0.10	157763	-7.70	170560	88.61
GBP-INR	Jan 2021	99.85	100.33	99.78	100.20	↑ 0.13	148719	5.02	352197	100.07
JPY-INR	Jan 2021	70.41	70.67	70.41	70.61	↑ 0.28	22844	-9.94	48599	70.59

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2166	1.2178	1.2160	1.2171	↑ 0.05
EURGBP	0.8859	0.8879	0.8857	0.8877	↑ 0.20
EURJPY	125.91	126.09	125.84	126.05	↑ 0.10
GBPJPY	142.10	142.21	141.93	141.98	↓ -0.09
GBPUSD	1.3730	1.3736	1.3706	1.3710	↓ -0.14
USDJPY	103.49	103.61	103.44	103.56	↑ 0.06

Economical Data

TIME	ZONE	DATA
1:45pm	EUR	French Flash Services PMI
1:45pm	EUR	French Flash Manufacturing PMI
2:00pm	EUR	German Flash Manufacturing PMI
2:00pm	EUR	German Flash Services PMI
2:30pm	EUR	Flash Manufacturing PMI
2:30pm	EUR	Flash Services PMI
8:15pm	USD	Flash Manufacturing PMI
8:15pm	USD	Flash Services PMI
8:30pm	USD	Existing Home Sales
9:00pm	USD	Natural Gas Storage
9:30pm	USD	Crude Oil Inventories

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5622.4	↓ -0.11	Gold\$	1864.1	↓ -0.30
DAX	13961.7	↑ 0.29	Silver\$	25.7	↓ -0.63
DJIA	31188.4	↑ 0.83	Crude\$	53.1	↓ -0.34
FTSE 100	7586.8	↓ -0.78	Copper \$	7993.0	↓ -0.51
HANG SENG	27777.8	↓ -1.31	Aluminium \$	1990.0	↓ -0.50
KOSPI	2029.5	↓ -0.23	Nickel\$	18295.0	↓ -0.49
NASDAQ	13457.3	↑ 1.97	Lead\$	2030.5	↓ -0.17
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2698.0	↓ -0.39

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	21/01/2021	9,104.25	7,489.59	1,614.66

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

Category	Date	Buy Value	Sell Value	Net Value
DII	21/01/2021	5,053.57	6,093.05	-1,039.48

Spread

Currency	Spread
NSE-CUR USDINR JAN-FEB	0.24
NSE-CUR EURINR JAN-FEB	0.26
NSE-CUR GBPINR JAN-FEB	0.28
NSE-CUR JPYINR JAN-FEB	0.20

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NSE-CUR USDINR Jan 2021



	Open	High	Low	Close
	72.98	73.06	72.93	73.03
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.09	73.15	73.23	
	Support 1	Support 2	Support 3	
	72.95	72.87	72.81	
Net Change	% Change	Open Interest	Volume	
-0.05	-0.06	2631952	1797962	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.87-73.15.
- # USDINR traded in range as investors bet major stimulus from new U.S. President Joe Biden.
- # India has seen the worst, barring another wave of COVID-19, says RBI
- # Growth will be mostly consumption driven, the RBI said.

Market Snapshot

USDINR yesterday settled down by -0.06% at 73.0325 as investors bet major stimulus from new U.S. President Joe Biden. Biden's top priority remains the \$1.9 trillion stimulus plan to revive a pandemic-hit economy, but it will require approval from a divided Congress, where Democrats hold slim advantages in both the House and Senate. Barring another wave of COVID-19 infections, the worst is over for India's economy and policymakers may soon have more room to support a recovery, the central bank said in its January bulletin released. "Recent shifts in the macroeconomic landscape have brightened the outlook, with GDP in striking distance of attaining positive territory and inflation easing closer to the target," the Reserve Bank of India (RBI) said in an article on the state of the economy. "If these movements sustain, policy space could open up to further support the recovery," it added. The RBI slashed interest rates early last year to cushion the shock from the coronavirus crisis, but has left rates unchanged in recent months, cautious of rising inflation. Growth will be mostly consumption driven, the RBI said. The need to kickstart investment is growing more urgent to secure a durable turnaround and a sustainable growth trajectory, the RBI said. The RBI said stress on financial sector balance sheets could increase, but banks are in a better position now than they were during the 2008 global financial crisis. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.9735. Technically market is under fresh selling as market has witnessed gain in open interest by 0.52% to settled at 2631952 while prices down -0.045 rupees, now USDINR is getting support at 72.95 and below same could see a test of 72.87 levels, and resistance is now likely to be seen at 73.09, a move above could see prices testing 73.15.

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NSE-CUR EURINR Jan 2021



	Open	High	Low	Close
	88.54	89.11	88.47	88.68
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		89.04	89.40	89.69
		Support 1	Support 2	Support 3
	88.39	88.10	87.74	
Net Change	% Change	Open Interest	Volume	
0.09	0.1	157763	170560	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.1-89.4.
- # Euro steadied as investors' mood brightened in the wake of a better-than-expected sentiment survey in Germany
- # Eurozone inflation remained negative for the fifth straight month in December, as initially estimated, final data from Eurostat showed
- # Germany's producer prices rose for the first time in eleven months in December, defying expectations for further decline, data from Destatis showed.

Market Snapshot

EURINR yesterday settled up by 0.1% at 88.675 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. However the risk of extended lockdowns in Europe to combat the spread of COVID-19 and the continent's lag in a vaccine rollout were weighing on the currency. U.S. Treasury Secretary nominee Janet Yellen urged lawmakers at her confirmation hearing to "act big" on stimulus spending and said she believes in market-determined exchange rates, without expressing a view on the dollar's direction. Eurozone inflation remained negative for the fifth straight month in December, as initially estimated, final data from Eurostat showed. The harmonized consumer price index, or HICP, dropped 0.3 percent year-on-year, the same as in November, and in line with flash estimate. The core inflation that excludes prices of food, energy and alcohol & tobacco, held steady at 0.2 percent in December. The rate matched the preliminary estimate released on January 7. Compared to the previous month, the headline HICP climbed 0.3 percent in December, as initially estimated. Germany's producer prices rose for the first time in eleven months in December, defying expectations for further decline, data from Destatis showed. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.5524 Technically market is under short covering as market has witnessed drop in open interest by -7.7% to settled at 157763 while prices up 0.085 rupees, now EURINR is getting support at 88.39 and below same could see a test of 88.1 levels, and resistance is now likely to be seen at 89.04, a move above could see prices testing 89.4.

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NSE-CUR GBPINR Jan 2021



	Open	High	Low	Close
	99.85	100.33	99.78	100.20
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		100.42	100.64	100.96
		Support 1	Support 2	Support 3
	99.88	99.56	99.34	
Net Change	% Change	Open Interest	Volume	
0.13	0.13	148719	352197	

Trading Ideas for the Day

- # GBPINR trading range for the day is 99.56-100.64.
- # GBP inched higher after Bank of England Governor Andrew Bailey's said that the impact of the Covid-19 pandemic on the British economy have begun to recede
- # Bailey said that the UK economy was able to mitigate the lockdown measures, compared to the damages of last year.
- # The Bank of England said the aim of its banking stress test this year is to check if banks can continue helping the economy during the pandemic

Market Snapshot

GBPINR yesterday settled up by 0.13% at 100.1975 after Bank of England Governor Andrew Bailey's said that the impact of the Covid-19 pandemic on the British economy have begun to recede and there are signs on that, adding that the economy is coping with the lockdown measures. Bailey said that the UK economy was able to mitigate the lockdown measures, compared to the damages of last year. The Bank of England said the aim of its banking stress test this year is to check if banks can continue helping the economy during the pandemic and if a return to more normal levels of dividends is possible. The British central bank cancelled its annual health check of banks last year so they could focus on keeping credit flowing to an economy hit by its worst downturn in 300 years due to COVID-19 lockdowns. Stress tests focus on the ability of banks to face major theoretical shocks, but the focus now changes given the economy has entered a real stress with COVID-19, the BoE said. "At this point stress tests are used to assess whether the buffers of capital that banks have built up are large enough to deal with how the prevailing stress could unfold," the BoE said in a statement. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 99.9888. Technically market is under fresh buying as market has witnessed gain in open interest by 5.02% to settled at 148719 while prices up 0.1325 rupees, now GBPINR is getting support at 99.88 and below same could see a test of 99.56 levels, and resistance is now likely to be seen at 100.42, a move above could see prices testing 100.64.

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NSE-CUR JPYINR Jan 2021



	Open	High	Low	Close
	70.41	70.67	70.41	70.61
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		70.72	70.83	70.99
		Support 1	Support 2	Support 3
	70.45	70.29	70.18	
Net Change	% Change	Open Interest	Volume	
0.20	0.28	22844	48599	

Trading Ideas for the Day

- # JPYINR trading range for the day is 70.29-70.83.
- # JPY remained supported as Bank of Japan lifts next year's growth forecast, saves ammunition as virus risks linger
- # BOJ kept monetary policy steady and revised up its economic forecast for next fiscal year, signalling that it has delivered sufficient stimulus for now
- # The BOJ slightly upgraded next fiscal year's growth forecast based on hopes that robust exports will soften the blow from the pandemic

Market Snapshot

JPYINR yesterday settled up by 0.28% at 70.6075 as Bank of Japan lifts next year's growth forecast, saves ammunition as virus risks linger. The Bank of Japan kept monetary policy steady and revised up its economic forecast for next fiscal year, signalling that it has delivered sufficient stimulus for now to cushion the blow from the COVID-19 pandemic. But the central bank warned of escalating risks to the outlook as new state of emergency measures rolled out this month hit consumption, clouding the outlook amid a fragile recovery. "Our projections could change depending on developments regarding the pandemic and how they affect domestic and overseas economies. Uncertainty is therefore extremely high," the BOJ said in a quarterly report on the outlook. In fresh quarterly projections, the BOJ slightly upgraded next fiscal year's growth forecast based on hopes that robust exports and the government's huge spending package will soften the blow from the pandemic. The central bank, however, said Japan's economy was "picking up as a trend," offering a slightly more nuanced view than last month when it said growth was "picking up." As widely expected, the BOJ maintained its targets under yield curve control (YCC) at -0.1% for short-term rates and around 0% for 10-year bond yields. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 70.58 Technically market is under short covering as market has witnessed drop in open interest by -9.94% to settled at 22844 while prices up 0.195 rupees, now JPYINR is getting support at 70.45 and below same could see a test of 70.29 levels, and resistance is now likely to be seen at 70.72, a move above could see prices testing 70.83.

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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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