

CURRENCY REPORT

KEDIA ADVISORY

Monday, January 25, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jan 2021	73.04	73.19	72.95	72.96	↓ -0.10	2543870	-3.35	1429805	73.05
EUR-INR	Jan 2021	88.88	89.02	88.78	88.84	↑ 0.19	128189	-18.75	196723	88.89
GBP-INR	Jan 2021	100.15	100.22	99.65	99.71	↓ -0.49	132196	-11.11	374007	99.90
JPY-INR	Jan 2021	70.62	70.62	70.37	70.40	↓ -0.30	24625	7.80	38129	70.48

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2170	1.2174	1.2159	1.2167	↓ -0.02
EURGBP	0.8892	0.8897	0.8885	0.8888	↓ -0.04
EURJPY	126.29	126.37	126.16	126.30	→ 0.01
GBPJPY	141.96	142.14	141.85	142.11	↑ 0.11
GBPUSD	1.3680	1.3691	1.3669	1.3689	↑ 0.07
USDJPY	103.76	103.89	103.69	103.81	↑ 0.05

Economical Data

TIME	ZONE	DATA
2:15pm	EUR	ECB President Lagarde Speaks
2:30pm	EUR	German ifo Business Climate
7:30pm	EUR	Belgian NBB Business Climate
9:45pm	EUR	ECB President Lagarde Speaks

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5522.2	↓ -1.23	Gold\$	1854.9	↑ 0.17
DAX	13773.6	↓ -0.96	Silver\$	25.6	↑ 0.36
DJIA	31176.0	↓ -0.04	Crude\$	52.4	↓ -1.62
FTSE 100	7586.8	↓ -0.78	Copper \$	7990.0	↑ 0.05
HANG SENG	27777.8	↓ -1.31	Aluminium \$	1992.0	↓ -0.13
KOSPI	2029.5	↓ -0.23	Nickel\$	18335.0	↑ 0.71
NASDAQ	13530.9	↑ 0.55	Lead\$	2056.0	↑ 0.49
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2708.5	→ 0.00

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	22/01/2021	8,326.77	8,962.46	-635.69

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

Category	Date	Buy Value	Sell Value	Net Value
DII	22/01/2021	4,859.95	6,150.30	-1,290.35

Spread

Currency	Spread
NSE-CUR USDINR JAN-FEB	0.26
NSE-CUR EURINR JAN-FEB	0.33
NSE-CUR GBPINR JAN-FEB	0.34
NSE-CUR JPYINR JAN-FEB	0.22

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NSE-CUR USDINR Jan 2021



	Open	High	Low	Close
	73.04	73.19	72.95	72.96
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.12	73.27	73.36	
	Support 1	Support 2	Support 3	
	72.88	72.79	72.64	
Net Change	% Change	Open Interest	Volume	
-0.07	-0.1	2543870	1429805	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.79-73.27.
- # USDINR traded in range as traders made bets on an economic recovery from the Covid-19 pandemic.
- # Traders were prepared to buy riskier currencies on the idea of a quicker than previously expected global economic recovery.
- # India predicts GDP 7.7% contraction, likely to prompt steps to boost growth

Market Snapshot

USDINR yesterday settled down by -0.1% at 72.9625 as traders made bets on an economic recovery from the Covid-19 pandemic. Traders were prepared to buy riskier currencies on the idea of a quicker than previously expected global economic recovery. However, the idea of greater borrowing to fund this additional stimulus and what this could mean to inflation and the Federal Reserve's ultra loose monetary stance resulted in rising U.S. Treasury yields, helping the dollar. 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 on Thursday 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%. The government's annual budget for next financial year, due to be presented on Feb. 1, is expected to increase spending on new roads, ports and provide incentives for manufacturers, to propel the economy out of its slump. The economy contracted by a record 23.9% in the April-June quarter following a national lockdown to prevent the spread of the coronavirus. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 73.038. Technically market is under long liquidation as market has witnessed drop in open interest by -3.35% to settled at 2543870 while prices down -0.07 rupees, now USDINR is getting support at 72.88 and below same could see a test of 72.79 levels, and resistance is now likely to be seen at 73.12, a move above could see prices testing 73.27.

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NSE-CUR EURINR Jan 2021



	Open	High	Low	Close
	88.88	89.02	88.78	88.84
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	88.98	89.12	89.22	
	Support 1	Support 2	Support 3	
	88.74	88.64	88.50	
Net Change	% Change	Open Interest	Volume	
0.17	0.19	128189	196723	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.64-89.12.
- # Euro gains after ECB stuck to its monetary policy while expectations of a massive U.S. stimulus package fuelled market optimism.
- # The ECB left its ultra-easy policy unchanged as expected and kept the door open to more stimulus to tackle the resurgent COVID-19 pandemic.
- # Risks surrounding the euro area growth outlook remain tilted to the downside, but are now less pronounced, the ECB President Christine Lagarde said.

Market Snapshot

EURINR yesterday settled up by 0.19% at 88.84 after the European Central Bank stuck to its monetary policy while expectations of a massive U.S. stimulus package fuelled market optimism and sapped demand for safe-haven currencies like the dollar. The ECB left its ultra-easy policy unchanged as expected and kept the door open to more stimulus to tackle the resurgent COVID-19 pandemic. Risks surrounding the euro area growth outlook remain tilted to the downside, but are now less pronounced, the European Central Bank President Christine Lagarde said. "The news about the prospects for the global economy, the agreement on future EU-UK relations and the start of vaccination campaigns is encouraging, but the ongoing pandemic and its implications for economic and financial conditions continue to be sources of downside risk," Lagarde said in the introductory statement to her post-decision press conference. Amid the resurgence in the coronavirus infections, economic activity is being disrupted in many countries, she noted. Services sector activity is being severely curbed, albeit to a lesser degree than during the first wave of the pandemic in early 2020, she said. Eurozone consumer confidence deteriorated at a faster-than-expected pace at the start of the year, preliminary data from a European Commission survey showed. The flash consumer confidence index fell to -15.5 from -13.9 in December. The consumer confidence index for the EU dropped to -16.5 from -15.3 in December. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.8624 Technically market is under short covering as market has witnessed drop in open interest by -18.75% to settled at 128189 while prices up 0.165 rupees, now EURINR is getting support at 88.74 and below same could see a test of 88.64 levels, and resistance is now likely to be seen at 88.98, a move above could see prices testing 89.12.

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NSE-CUR GBPINR Jan 2021

GBPINR, 1D, IDC, Heikin Ashi
MA
Ichimoku
MA



	Open	High	Low	Close
	100.15	100.22	99.65	99.71
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		100.07	100.43	100.64
		Support 1	Support 2	Support 3
	99.50	99.29	98.93	
Net Change	% Change	Open Interest	Volume	
	-0.49	-0.49	132196	374007

Trading Ideas for the Day

- # GBPINR trading range for the day is 99.29-100.43.
- # GBP dropped as Britain's third national lockdown sparked the sharpest drop in business activity since May
- # Data showed retail sales remained weak in December after store closures the previous month.
- # UK manufacturers expect production and new orders to decline in the coming three months

Market Snapshot

GBPINR yesterday settled down by -0.49% at 99.71 as Britain's third national lockdown sparked the sharpest drop in business activity since May, while data showed retail sales remained weak in December after store closures the previous month. With services companies hit hardest, the preliminary "flash" IHS Markit/CIPS UK Composite Purchasing Managers' Index fell more than expected to 40.6 in January, well below the 50 threshold that indicates growth and down from 50.4 in December. Diminishing negative-rate expectations and global growth optimism predicated on the Biden administration's fiscal relief plans have removed clouds from sterling's horizon. The sentiment-driven moves have eroded gains made by the U.S. dollar since the Democrats won control of the U.S. Congress earlier this month. The dollar had risen along with U.S. Treasury yields on expectations of more fiscal stimulus and government borrowing under a Biden administration. UK manufacturers expect production and new orders to decline in the coming three months, according to the Industrial Trends Survey, released by the Confederation of British Industry. Due to a fall in domestic and foreign demand, a net balance of -12 percent said new orders fell in the quarter to January compared to -3 percent in the October quarter. Manufacturers said output volumes were broadly flat in the quarter to January but a net 24 percent expect production to fall once again in the coming quarter. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 100.0591 Technically market is under long liquidation as market has witnessed drop in open interest by -11.11% to settled at 132196 while prices down -0.4875 rupees, now GBPINR is getting support at 99.5 and below same could see a test of 99.29 levels, and resistance is now likely to be seen at 100.07, a move above could see prices testing 100.43.

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NSE-CUR JPYINR Jan 2021



	Open	High	Low	Close
	70.62	70.62	70.37	70.40
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	70.55	70.71	70.80	
	Support 1	Support 2	Support 3	
	70.30	70.21	70.05	
Net Change	% Change	Open Interest	Volume	
-0.21	-0.3	24625	38129	

Trading Ideas for the Day

- # JPYINR trading range for the day is 70.21-70.71.
- # JPY dropped as Japan's core consumer prices slumped in December at the fastest annual pace in a decade
- # Overall consumer prices in Japan were down 1.2 percent on year in December, following the 0.9 percent decline in November
- # The manufacturing sector slipped into contraction in December, the latest survey from Jibun Bank showed with a manufacturing PMI score of 49.7.

Market Snapshot

JPYINR yesterday settled down by -0.3% at 70.395 as Japan's core consumer prices slumped in December at the fastest annual pace in a decade, a sign of intensifying deflationary pressures that sharpen the case for the central bank to come up with better ways to combat the deepening impact of the COVID-19 pandemic. Bank of Japan's policymakers voted to maintain rates at negative 0.10% as expected, amid expectations that the world's third largest economy will gather more growth momentum and will recover from the coronavirus impact faster than expected. The Bank of Japan also kept the size of the asset purchases program unchanged. The markets are anticipating Joe Biden's first decisions as US President, especially the new US political, economic and trade policies. Overall consumer prices in Japan were down 1.2 percent on year in December, the Ministry of Internal Affairs and Communications said - following the 0.9 percent decline in November. Core consumer prices were down 1.0 percent on year after also slipping 0.9 percent in the previous month. Among the individual components, prices were down for fuel, food, medical care, transportation, education and recreation on a yearly basis. Prices were up for housing, furniture and clothing. The manufacturing sector slipped into contraction in December, the latest survey from Jibun Bank showed with a manufacturing PMI score of 49.7. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 70.49. Technically market is under fresh selling as market has witnessed gain in open interest by 7.8% to settled at 24625 while prices down -0.2125 rupees, now JPYINR is getting support at 70.3 and below same could see a test of 70.21 levels, and resistance is now likely to be seen at 70.55, a move above could see prices testing 70.71.

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NEWS YOU CAN USE

Japan's core consumer prices slumped in December at the fastest annual pace in a decade, a sign of intensifying deflationary pressures that sharpen the case for the central bank to come up with better ways to combat the deepening impact of the COVID-19 pandemic. Weak data underscores the challenges policymakers face in preventing the spread of the virus without adding to the strain on an economy already suffering from a renewed state of emergency rolled out this month. The nationwide core consumer price index (CPI), which includes oil but # excludes fresh food costs, fell 1.0% in December from a year earlier, government data showed, slightly less than a median market forecast for a 1.1% drop. It was the biggest annual fall since September 2010, when Japan was grappling with grinding deflation and a spike in the yen that dealt a severe blow to the export-reliant economy. Still, new state of emergency measures could cripple services spending and prod more firms to cut prices. That, in turn, could stoke public perceptions prices will keep falling - a risk the BOJ flagged. "I don't think the risk of Japan sliding back into deflation is high," BOJ Governor Haruhiko Kuroda told reporters. "But potential growth may be falling so we need to look at the impact (on prices) carefully."

The European Central Bank left its key interest rates and asset purchases unchanged, in line with expectations, and reaffirmed its willingness to adjust the policy tools when needed. The Governing Council left the main refi rate unchanged at a record low zero percent and the deposit rate was kept at -0.50 percent. The lending rate was held steady at 0.25 percent. The Governing Council retained its forward guidance on interest rates, saying it expects the key ECB interest rates to remain at their present or lower levels until it has seen the inflation # outlook robustly converge to a level sufficiently close to, but below, 2 percent. The bank retained the size of the pandemic emergency purchase programme (PEPP) at EUR 1,850 billion. In December, the PEPP envelope was boosted by EUR 500 billion and the horizon for net purchases under the scheme was extended to at least the end of March 2022. The bank reiterated that the asset purchases would continue until at policymakers feel that the coronavirus, or Covid-19, crisis phase is over. The forward guidance on the PEPP asset purchases was left intact.

Risks surrounding the euro area growth outlook remain tilted to the downside, but are now less pronounced, the European Central Bank President Christine Lagarde said. "The news about the prospects for the global economy, the agreement on future EU-UK relations and the start of vaccination campaigns is encouraging, but the ongoing pandemic and its implications for economic and financial conditions continue to be sources of downside risk," Lagarde said in the introductory statement to her post-decision press conference. Amid the resurgence in the coronavirus infections, economic activity is being disrupted in many countries, she noted. Services sector activity is being severely curbed, albeit to a lesser degree than during the first # wave of the pandemic in early 2020, she said. Weak demand and significant slack in labor and product markets suggest that inflation is set to remain very weak in the near term, the ECB chief said. "Uncertainty remains high, including relating to the dynamics of the pandemic and the speed of vaccination campaigns," Lagarde said.

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