

CURRENCY REPORT

KEDIA ADVISORY

Friday, January 29, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Feb 2021	73.29	73.42	73.15	73.28	↑ 0.08	2928707	-7.31	1778060	73.35
EUR-INR	Feb 2021	88.70	88.82	88.61	88.72	↓ -0.05	133968	0.73	123489	88.73
GBP-INR	Feb 2021	100.22	100.31	99.94	100.12	↓ -0.39	180544	-23.93	423136	100.12
JPY-INR	Feb 2021	70.34	70.39	70.26	70.29	↓ -0.35	25176	12.98	36592	70.32

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2121	1.2125	1.2101	1.2107	↓ -0.11
EURGBP	0.8827	0.8834	0.8821	0.8826	↓ -0.03
EURJPY	126.35	126.63	126.19	126.47	↑ 0.08
GBPJPY	143.08	143.46	142.96	143.25	↑ 0.13
GBPUSD	1.3724	1.3730	1.3704	1.3716	↓ -0.07
USDJPY	104.24	104.58	104.17	104.44	↑ 0.20

Economical Data

TIME	ZONE	DATA
12:00pm	EUR	French Consumer Spending m/m
12:00pm	EUR	French Flash GDP q/q
12:30pm	EUR	German Import Prices m/m
1:30pm	EUR	Spanish Flash CPI y/y
1:30pm	EUR	Spanish Flash GDP q/q
2:25pm	EUR	German Unemployment Change
2:30pm	EUR	M3 Money Supply y/y
2:30pm	EUR	Private Loans y/y
7:00pm	USD	Core PCE Price Index m/m
7:00pm	USD	Employment Cost Index q/q
7:00pm	USD	Personal Income m/m
7:00pm	USD	Personal Spending m/m
8:15pm	USD	Chicago PMI
8:30pm	USD	Pending Home Sales m/m

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5456.7	↓ -0.05	Gold\$	1842.5	→ 0.01
DAX	13553.6	↓ -0.49	Silver\$	26.2	↓ -0.93
DJIA	30303.2	↓ -2.05	Crude\$	52.5	↓ -0.96
FTSE 100	7586.8	↓ -0.78	Copper \$	7870.0	↓ -0.43
HANG SENG	27777.8	↓ -1.31	Aluminium \$	1987.0	↑ 0.28
KOSPI	2029.5	↓ -0.23	Nickel\$	17770.0	↓ -0.28
NASDAQ	13270.6	↓ -2.61	Lead\$	2020.0	↓ -0.37
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2593.5	↑ 0.17

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	28/01/2021	8,493.91	12,206.42	-3,712.51

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

Category	Date	Buy Value	Sell Value	Net Value
DII	28/01/2021	6,351.07	4,614.15	1,736.92

Spread

Currency	Spread
NSE-CUR USDINR FEB-MAR	0.30
NSE-CUR EURINR FEB-MAR	-88.72
NSE-CUR GBPINR FEB-MAR	-100.12
NSE-CUR JPYINR FEB-MAR	-70.29

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NSE-CUR USDINR Feb 2021



	Open	High	Low	Close
	73.29	73.42	73.15	73.28
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.41	73.54	73.67	
	Support 1	Support 2	Support 3	
	73.15	73.02	72.89	
Net Change	% Change	Open Interest	Volume	
0.06	0.08	2928707	1778060	

Trading Ideas for the Day

- # USDINR trading range for the day is 73.02-73.54.
- # USDINR traded in range as investors opted for the relative shelter of the U.S. dollar from souring risk sentiment
- # The U.S. Federal Reserve expressed worries over the slow pace of economic recovery.
- # Fiscal deficit to decline to 6.2% of GDP in FY22 from 7.0% in FY21: India Ratings

Market Snapshot

USDINR yesterday settled up by 0.08% at 73.2775 as investors opted for the relative shelter of the U.S. dollar from souring risk sentiment and after the U.S. Federal Reserve expressed worries over the slow pace of economic recovery. India Ratings and Research said it expected the FY22 fiscal deficit to be 6.2 percent of GDP. As Finance Minister Nirmala Sitharaman gears up to present the Budget 2021 amid the ongoing COVID-19 pandemic and the likelihood of the Indian economy contracting 7.7 percent year on year in FY21, the government finances need to be steered in a way that puts the economy back on track, India Ratings and Research (Ind-Ra) said. Therefore, as the year progressed, the government announced a number of policy measures under Atmanirbhar Bharat package 1.0, 2.0 and 3.0 to support the economy. The package was a combination of grant, equity and liquidity measures by the central government, state governments and the Reserve Bank of India (RBI), Ind-Ra said. The actual fiscal impact of the economic packages works out to be about Rs 3.5 trillion (1.8 percent of GDP), against this backdrop, it was a foregone conclusion that FY21 would have a significant slippage from the budgeted fiscal deficit of 3.5 percent of GDP, the agency said. The rating agency said it expects the FY22 fiscal deficit to be 6.2 of GDP. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 73.0674. Technically market is under short covering as market has witnessed drop in open interest by -7.31% to settled at 2928707 while prices up 0.0575 rupees, now USDINR is getting support at 73.15 and below same could see a test of 73.02 levels, and resistance is now likely to be seen at 73.41, a move above could see prices testing 73.54.

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NSE-CUR EURINR Feb 2021



	Open	High	Low	Close
	88.70	88.82	88.61	88.72
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	88.82	88.92	89.02	
	Support 1	Support 2	Support 3	
	88.62	88.52	88.42	
Net Change	% Change	Open Interest	Volume	
-0.05	-0.05	133968	123489	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.52-88.92.
- # Euro fell after a European Central Bank official said the bank was monitoring the currency closely, while the dollar perked up.
- # ECB governing council member Klaas Knot said the central bank has room to cut its deposit rate further
- # ECB President Christine Lagarde has repeatedly said the central bank is carefully monitoring the single currency's exchange rate.

Market Snapshot

EURINR yesterday settled down by -0.05% at 88.72 after a European Central Bank official said the bank was monitoring the currency closely, while the dollar perked up. Pressure seen after a warning about currency strength from an ECB policymaker and a German GDP forecast downgrade, potentially putting the euro on course to close below the daily cloud top and 55-day moving average. The German government drastically cut its 2021 GDP forecast to 3.0% from 4.4% due to the effects of coronavirus lockdowns. The ECB and German reports sent Bund yields lower and euribor prices higher, helping to drive EUR/USD to a five-day low. ECB governing council member Klaas Knot said the central bank has room to cut its deposit rate further, should it be necessary to improve financing conditions and reach its inflation target. Knot's comment constituted the most explicit hint to date from an ECB policymaker about the possibility of a rate cut to stem a rally in the euro – a move that seemed highly unlikely until recently. The ECB was studying whether differences with the Fed's policy in the United States were boosting the euro – part of a wider review of financing conditions – would not have a material effect on the currency. ECB President Christine Lagarde has repeatedly said the central bank is carefully monitoring the single currency's exchange rate. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.377 Technically market is under fresh selling as market has witnessed gain in open interest by 0.73% to settled at 133968 while prices down -0.0475 rupees, now EURINR is getting support at 88.62 and below same could see a test of 88.52 levels, and resistance is now likely to be seen at 88.82, a move above could see prices testing 88.92.

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NSE-CUR GBPINR Feb 2021



	Open	High	Low	Close
	100.22	100.31	99.94	100.12
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		100.31	100.49	100.68
		Support 1	Support 2	Support 3
	99.94	99.75	99.57	
Net Change	% Change	Open Interest	Volume	
	-0.39	-0.39	180544	423136

Trading Ideas for the Day

- # GBPINR trading range for the day is 99.75-100.49.
- # GBP dropped as dollar extended gains as a stock market rout due to concerns about excessive valuations boosted safe-harbour demand for the U.S. currency.
- # BoE President Andrew Bailey stressed that the impact of the Covid-19 pandemic on the British economy have begun to recede
- # UK car output slumps to lowest level since 1984 amid COVID hit

Market Snapshot

GBPINR yesterday settled down by -0.39% at 100.12 as dollar extended gains as a stock market rout due to concerns about excessive valuations boosted safe-harbour demand for the U.S. currency. The coronavirus crisis continues to cast its shadow over the global scene, as infections and deaths continue to rise. The US Federal Reserve decided to hold the interest rate unchanged between zero and 0.25%, and also kept the size of its monthly bond purchases program at \$120 billion, and stated that the pace of recovery in economic activity has moderated in recent months. On the other hand, BoE President Andrew Bailey stressed 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. British car output fell to its lowest level since 1984 last year after the COVID-19 pandemic shut factories and hurt demand, an industry body said, as a decision on keeping open the Vauxhall car factory looms. A total of 920,928 cars rolled off production lines in 2020, down 29% on 2019, according to the Society of Motor Manufacturers and Traders, as some plants shut for several months and many still run at below-normal levels. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 99.8929 Technically market is under long liquidation as market has witnessed drop in open interest by -23.93% to settled at 180544 while prices down -0.3875 rupees, now GBPINR is getting support at 99.94 and below same could see a test of 99.75 levels, and resistance is now likely to be seen at 100.31, a move above could see prices testing 100.49.

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NSE-CUR JPYINR Feb 2021



	Open	High	Low	Close
	70.34	70.39	70.26	70.29
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	70.37	70.45	70.51	
	Support 1	Support 2	Support 3	
	70.23	70.17	70.09	
Net Change	% Change	Open Interest	Volume	
-0.25	-0.35	25176	36592	

Trading Ideas for the Day

- # JPYINR trading range for the day is 70.17-70.45.
- # JPY dropped as the value of retail sales in Japan was down 0.3 percent on year in December
- # Dollar remained supported after Fed decided to hold the interest rate unchanged between zero and 0.25%.
- # Japan's leading index rose less than estimated in November, final data from the Cabinet Office showed.

Market Snapshot

JPYINR yesterday settled down by -0.35% at 70.2875 as the value of retail sales in Japan was down 0.3 percent on year in December, the Ministry of Economy, Trade and Industry said - coming in at 14.434 trillion yen. On a seasonally adjusted monthly basis, retail sales sank 0.8 percent after sliding a downwardly revised 2.1 percent in November (originally -2.0 percent). For the fourth quarter of 2020, retail sales were up 2.0 percent on year and 0.2 percent on quarter at 39.431 trillion yen. Japan's leading index rose less than estimated in November, final data from the Cabinet Office showed. The final reading for the leading index, which measures the future economic activity, was 96.4 in November, up from 94.3 in the previous month. The initial reading was 96.6. The coincident index declined to 89.0 in November from 89.4 in the previous month. The flash reading was 89.1. Dollar remained supported after Fed decided to hold the interest rate unchanged between zero and 0.25%, and also kept the size of its monthly bond purchases program at \$120 billion. The Fed stated that the pace of recovery in economic activity and job creation has moderated in recent months due to the rising Covid-19 infections in the country. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 70.07 Technically market is under fresh selling as market has witnessed gain in open interest by 12.98% to settled at 25176 while prices down -0.25 rupees, now JPYINR is getting support at 70.23 and below same could see a test of 70.17 levels, and resistance is now likely to be seen at 70.37, a move above could see prices testing 70.45.

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NEWS YOU CAN USE

India is likely to double health spending in the next fiscal year with the aim of raising expenditure in the sector to 4% of gross domestic output in the coming four years, as the country looks to fix its health system after the coronavirus pandemic. India's path to economic recovery will be stronger than previously thought as fiscal expansion and vaccine hopes help the country heal from COVID-19. The world's second-most populous country has begun a huge vaccination drive and a steep fall in new coronavirus cases over the past few months is supporting a recovery in Asia's third-largest economy. The Reserve Bank of India, which has slashed its main repo rate by 115 basis points since March 2020 to cushion the shock from the coronavirus crisis, was expected to keep its benchmark lending rate at 4.0% through at least 2023. That was a shift in expectations from a survey taken two months back when a 25 basis point cut to 3.75% was predicted in the April-June period. India's government will focus on fiscal expansion in next week's budget and revise its borrowing target higher for the 2021/22 fiscal year, prompted by the expected economic slowdown and weak jobs growth. Government borrowing has ballooned due to pandemic spending while revenues have severely dampened.

Global economy is set to expand at a faster rate this year than expected earlier as vaccination against the coronavirus could strengthen activity later this year, underpinned by further policy support, the International Monetary Fund said. In its latest World Economic Outlook report, the lender raised the global growth forecast for this year to 5.5 percent from 5.2 percent seen in October. World economic growth is projected at 4.2 percent in 2022. The IMF estimated 3.5 percent contraction in global growth in 2020, which was better than the 4.4 percent shrinkage seen in October. The revision reflects the stronger-than-expected momentum in the second half of 2020, the lender said. "There remains tremendous uncertainty and prospects vary greatly across countries," IMF Chief Economist Gita Gopinath said. The latest forecast reflect expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies, the IMF said. Further, access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis could led to significant variations in the strength of the recovery across countries, the report added.

The UK unemployment rate rose to a four-year high and the employment rate continued to decline in the three months to November as the second wave of the Covid-19 pandemic added pressure on economic activity. The jobless rate rose 0.6 percentage points from the previous quarter to 5 percent in three months to November, labor force survey results from the Office for National Statistics showed. This was the highest since early 2016 but below economists' forecast of 5.1 percent. The labor market will probably continue to weaken over the rest of the year, especially once the furlough scheme finishes at the end of April, Pugh noted. But a rapid rebound in GDP in the second half of this year should prevent the unemployment rate from reaching the global financial crisis levels of 8.4 percent. ONS data showed that the employment rate dropped 0.4 percentage points sequentially to 75.2 percent. Employment decreased by 88,000 on the quarter. The number of people out of work increased by 202,000 on quarter to 1.72 million in three months to November. Average earnings including bonuses increased 3.6 percent from last year versus the expected growth of 2.9 percent.

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KEDIA STOCKS & COMMODITIES RESEARCH PVT LTD.
Mumbai. INDIA.

For more details, please contact:
Mobile: +91 9323406035 / 9320096333 / 9619551022
Email: info@kediaadvisory.com
URL: www.kediaadvisory.com
SEBI REGISTRATION NUMBER - INH000006156

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