



CURRENCY REPORT

- Daily



CURRENCY REPORT

KEDIA ADVISORY

Friday, January 7, 2022

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jan 2022	74.60	74.69	74.48	74.62	↑ 0.08	2163208	-0.20	2377010	74.60
EUR-INR	Jan 2022	84.49	84.60	84.22	84.47	↑ 0.04	113534	-13.03	255953	84.41
GBP-INR	Jan 2022	100.95	101.08	100.63	100.94	→ 0.00	101197	1.15	235451	100.86
JPY-INR	Jan 2022	64.43	64.59	64.32	64.48	→ 0.01	83437	-4.67	59316	64.46

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.1296	1.1302	1.1288	1.1300	↑ 0.05
EURGBP	0.8345	0.8348	0.8335	0.8340	↓ -0.06
EURJPY	130.81	131.06	130.79	130.96	↑ 0.07
GBPJPY	156.71	157.10	156.67	157.02	↑ 0.17
GBPUSD	1.3530	1.3553	1.3526	1.3549	↑ 0.13
USDJPY	115.84	116.05	115.80	115.90	↑ 0.05

Economical Data

TIME	ZONE	DATA
12:30pm	EUR	German Industrial Production m/m
12:30pm	EUR	German Trade Balance
12:30pm	GBP	Halifax HPI m/m
1:15pm	EUR	French Consumer Spending m/m
1:15pm	EUR	French Industrial Production m/m
1:15pm	EUR	French Trade Balance
3:00pm	GBP	Construction PMI
Tentative	GBP	Housing Equity Withdrawal q/q
3:30pm	EUR	CPI Flash Estimate y/y
3:30pm	EUR	Core CPI Flash Estimate y/y
3:30pm	EUR	Retail Sales m/m
7:00pm	USD	Average Hourly Earnings m/m
7:00pm	USD	Non-Farm Employment Change
7:00pm	USD	Unemployment Rate

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	7276.2	↓ -1.36	Gold\$	1790.6	↓ -0.01
DAX	16096.2	↓ -1.08	Silver\$	22.1	↓ -0.23
DJIA	36407.1	↓ -1.07	Crude\$	79.7	↑ 2.07
FTSE 100	3435.7	↑ 0.58	Copper \$	9571.0	↑ 0.09
HANG SENG	23072.9	↑ 0.72	Aluminium \$	2925.0	↓ -0.17
KOSPI	2029.5	↓ -0.23	Nickel\$	20540.0	↑ 0.74
NASDAQ	15100.2	↓ -3.34	Lead\$	2312.5	↑ 0.22
NIKKEI 225	28487.9	↓ -2.88	Zinc\$	3563.5	→ 0.01

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	6/1/2022	6,563.72	8,490.49	-1,926.77

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

Category	Date	Buy Value	Sell Value	Net Value
DII	6/1/2022	6,661.19	5,860.28	800.91

Spread

Currency	Spread
NSE-CUR USDINR JAN-FEB	0.22
NSE-CUR EURINR JAN-FEB	0.31
NSE-CUR GBPINR JAN-FEB	0.31
NSE-CUR JPYINR JAN-FEB	0.25

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NSE-CUR USDINR Jan 2022



	Open	High	Low	Close
	74.60	74.69	74.48	74.62
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		74.71	74.80	74.91
		Support 1	Support 2	Support 3
	74.51	74.40	74.32	
Net Change	% Change	Open Interest	Volume	
0.06	0.08	2163208	2377010	

Trading Ideas for the Day

- # USDINR trading range for the day is 74.4-74.8.
- # USDINR seen supported after Fed's meeting minutes raised expectations for a swifter-than-expected unwinding of monetary stimulus and rate increases.
- # RBI has said it was unlikely to be influenced by global policy actions but concerns have risen over the need to tighten policy to rein in inflationary pressures.
- # India 10Y Bond Yield Hits 23-month High

Market Snapshot

USDINR yesterday settled up by 0.08% at 74.62 after the U.S. Federal Reserve's meeting minutes raised expectations for a swifter-than-expected unwinding of monetary stimulus and rate increases. A "very tight" job market and unabated inflation might require the Federal Reserve to raise interest rates sooner than expected and begin reducing its overall asset holdings as a second brake on the economy, U.S. central bank policymakers said in their meeting last month. On the domestic front, the Reserve Bank of India (RBI) has said it was unlikely to be influenced by global policy actions but concerns have risen over the need to tighten policy to rein in inflationary pressures. Consumer prices in November rose 4.91% from the same month last year, speeding up from October's 4.48% but lower than the consensus forecast of 5.10%, data showed last month. December inflation due next week and will be the latest data ahead of the RBI's February policy meeting. Traders expect the central bank to hold the repo rate but are yet again starting to price in an increase in the reverse repo rate and possible withdrawal of rupee liquidity from the banking system. In the wake of that, futures on the federal funds rate priced in a roughly 80% chance of a quarter-percentage-point Fed hike by its March meeting. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the USD at 74.484 Technically market is under short covering as market has witnessed drop in open interest by - 0.2% to settled at 2163208 while prices up 0.0575 rupees, now USDINR is getting support at 74.51 and below same could see a test of 74.4 levels, and resistance is now likely to be seen at 74.71, a move above could see prices testing 74.8.

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NSE-CUR EURINR Jan 2022



Trading Ideas for the Day

- # EURINR trading range for the day is 84.05-84.81.
- # Euro remained in range as the European Central Bank is seen slower than other major central banks in tightening monetary policy.
- # German industrial orders bounce back on strong foreign demand
- # Euro zone producer prices rose in November more than expected, but on a monthly basis their increase slowed significantly from October

Market Snapshot

EURINR yesterday settled up by 0.04% at 84.47 as the European Central Bank is seen slower than other major central banks in tightening monetary policy. Higher demand from abroad drove a bigger-than-expected rebound in German industrial orders in November, data showed, in rare good news for manufacturers suffering from supply bottlenecks and labour shortages in Europe's largest economy. Euro zone producer prices rose in November more than expected, but on a monthly basis their increase slowed significantly from October, Eurostat's estimates released on Thursday showed. The European Union's statistics office said prices at factory gates in the 19 countries sharing the euro rose 1.8% month-on-month for a 23.7% year-on-year surge. The rise in November on a monthly basis was however much lower than the 5.4% surge recorded in October, and also lower than the 2.7% increase in September. The euro zone's economic recovery faltered in December as a resurgence in COVID-19 infections curtailed growth in the bloc's dominant service industry, a survey showed, and could weaken further if tighter restrictions are imposed. As the Omicron coronavirus variant spread rapidly at the end of last year governments reimposed measures to contain infection rates, particularly in Germany – Europe's largest economy. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the Euro at 84.1247 Technically market is under short covering as market has witnessed drop in open interest by -13.03% to settled at 113534 while prices up 0.03 rupees, now EURINR is getting support at 84.26 and below same could see a test of 84.05 levels, and resistance is now likely to be seen at 84.64, a move above could see prices testing 84.81.

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NSE-CUR GBPINR Jan 2022



Trading Ideas for the Day

- # GBPINR trading range for the day is 100.43-101.33.
- # GBP recovered from lows as investors ramped up expectations that the Bank of England will raise interest rates as early as next month
- # British consumer spending on credit and debit cards fell sharply in the week to Dec. 30, which covered the Christmas holiday period
- # Britain pledged 105 million pounds (\$141.7 million) in emergency aid to help vulnerable nations, particularly in Africa

Market Snapshot

GBPINR yesterday settled remain unchangeby 0% at 100.9375 as investors ramped up expectations that the Bank of England will raise interest rates as early as next month after a surprise hike in December. And growing expectations that Britain will not introduce COVID-19 measures clamping down on economic activity was also boosting, with the benchmark index rising to its highest in nearly two years. Prime Minister Boris Johnson said that England could withstand a surge in COVID-19 infections without shutting down the economy as Britain reported another record daily high in cases fuelled by the Omicron variant. British consumer spending on credit and debit cards fell sharply in the week to Dec. 30, which covered the Christmas holiday period, according to non-seasonally adjusted figures released by the Office for National Statistics. Card spending dropped by 40 percentage points from the previous week to 86% of its average level in February 2020, before the COVID-19 pandemic. Britain pledged 105 million pounds (\$141.7 million) in emergency aid to help vulnerable nations, particularly in Africa, cope with the spread of the highly transmissible Omicron coronavirus variant. The government said the money would go towards measures helping to reduce transmission, increase testing and boost oxygen supplies. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the British Pound was fixed at 100.7739 Technically market is under fresh selling as market has witnessed gain in open interest by 1.15% to settled at 101197 while prices remain unchanged -0.0025 rupees, now GBPINR is getting support at 100.68 and below same could see a test of 100.43 levels, and resistance is now likely to be seen at 101.13, a move above could see prices testing 101.33.

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NSE-CUR JPYINR Jan 2022



	Open	High	Low	Close
	64.43	64.59	64.32	64.48
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	64.61	64.73	64.88	
	Support 1	Support 2	Support 3	
	64.34	64.19	64.07	
Net Change	% Change	Open Interest	Volume	
0.01	0.01	83437	59316	

Trading Ideas for the Day

- # JPYINR trading range for the day is 64.19-64.73.
- # Jpy seen under pressure from rising G-10 yields, higher energy costs and positive risk appetite to begin the year.
- # BoJ is expected to raise its CPI projection for FY2022 to the low 1% range - Nikkei.
- # The au Jibun Bank Japan Services PMI was revised higher to 52.1 in December 2021, from a preliminary reading of 51.1 and following a final 53.0 in November

Market Snapshot

JPYINR yesterday settled up by 0.01% at 64.4825 from rising G-10 yields, higher energy costs and positive risk appetite to begin the year. The au Jibun Bank Japan Services PMI was revised higher to 52.1 in December 2021, from a preliminary reading of 51.1 and following a final 53.0 in November, which was the highest reading in 27 months, as COVID-19 restrictions were eased, while demand continued to improve. The latest reading indicated a moderate expansion in the sector, but the average reading over the final quarter was the strongest quarterly performance since Q3 of 2019. New orders moderating, while new export orders rose to the fastest pace since October 2019, and employment fell slightly. The au Jibun Bank Japan Composite PMI was at 52.5 in December 2021, compared with a flash figure of 51.8 and a final 53.3 in November which was the highest reading since October 2017. The upward revision brought the average reading in the final quarter to the strongest quarterly performance since Q4 2018, amid continued rises in both factory activity and the service sector. New orders rose for the third month running, despite growth easing slightly from November. That said, stronger demand placed additional pressure on capacity as outstanding business rose at the fastest rate for 3-1/2-years. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the Japanese Yen at 64.2 Technically market is under short covering as market has witnessed drop in open interest by -4.67% to settled at 83437 while prices up 0.0075 rupees, now JPYINR is getting support at 64.34 and below same could see a test of 64.19 levels, and resistance is now likely to be seen at 64.61, a move above could see prices testing 64.73.

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NEWS YOU CAN USE

A "very tight" job market and unabated inflation might require the Federal Reserve to raise interest rates sooner than expected and begin reducing its overall asset holdings as a second brake on the economy, U.S. central bank policymakers said in their meeting last month. In a document that markets took as decidedly hawkish, the minutes from the Dec. 14-15 policy meeting showed Fed officials uniformly concerned about the pace of price increases that promised to persist, alongside global supply bottlenecks "well into" 2022. Those concerns, at least as of mid-December, even appeared to outweigh the risks potentially posed by the fast-surgingly Omicron variant of the coronavirus, seen by some Fed officials as likely adding further to inflation pressures but not "fundamentally altering the path of economic recovery in the United States." "Participants generally noted that, given their individual outlooks for the economy, the labor market, and inflation, it may become warranted to increase the federal funds rate sooner or at a faster pace than participants had earlier anticipated.

Activity in China's services sector expanded at a faster pace in December amid higher demand and easing inflationary pressure but continuing small-scale COVID-19 outbreaks weighed on the outlook, a private sector survey showed. The Caixin/Markit services Purchasing Managers' Index (PMI) rose to 53.1 in December from 52.1 in November, remaining above the 50-point mark that separates growth from contraction on a monthly basis. The survey, which focuses more on small firms in coastal regions, tallied with those of an official survey, which also showed the expansion in the services sector sped up. Firms' input prices rose for the 18th month in a row, but at a slower pace, the survey showed. A sub-index for employment rose at the fastest pace since May, and a gauge of new business accelerated. Caixin's December composite PMI, which includes both manufacturing and services activity, rose to 53.0 from 51.2 the previous month.

India is aiming for a fiscal deficit of 6.3% to 6.5% of gross domestic product for the next financial year, a less ambitious target than previously planned as COVID-19 infections threaten the economic recovery, three government officials said. Finance Minister Nirmala Sitharaman is due to unveil the 2022/2023 federal budget on Feb. 1 and officials said the thinking was that sharp cuts in government expenditure could hurt growth prospects. India's case load of coronavirus infections is surging, fuelled by the Omicron variant and the worry is that consumer and business spending will be hit, leaving the government with little choice but to step in. The plan now is to target a 30-50 basis point cut in the fiscal deficit for the next financial year, the officials involved in the discussions said. Policymakers were hoping to bring down the fiscal deficit by a wider margin, after cutting the deficit by 240 basis points to 6.8% in the current fiscal year ending in March.

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