

Currency Update

December 03, 2020

RECAP - DOMESTIC

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.	OI	% Chng.	Vol	% Chng.
USDINR	29-Dec-20	73.88	73.76	74.04	73.61	74.00	0.12	0.16%	3057647	30.19%	3981034	47.01%
EURINR		88.36	88.93	89.28	88.87	89.14	0.78	0.89%	218726	19.30%	297757	78.08%
GBPINR		98.55	98.80	99.26	98.65	98.78	0.23	0.23%	127291	-12.51%	397160	74.70%
JPYINR		70.75	70.67	70.78	70.51	70.67	-0.08	-0.12%	29322	-18.15%	76722	32.34%

Data Source: NSE

The Indian Rupee depreciated against the U.S. Dollar as possible intervention by the central bank in the spot market.

The Rupee ended at 73.80 to the dollar compared with 73.68 in the previous session.

In early trades, the rupee had appreciated to an intraday high of 73.44 tracking the weakness of the U.S Dollar.

The one-year forward premium touched a high of 3.24 rupees today, the highest since Aug. 27, compared to 3.19 rupees yesterday. It ended at 3.21 rupees.

This is likely due to RBI's intervention in the forwards market to neutralize the impact of spot purchases.

Meanwhile, other Asian currencies were boosted by a further fall in the dollar index to its lowest levels since April 2018

Investor focus will be on the Monetary Policy Committee's three-day interest rate-setting meeting that starting today, with the decision due Friday.

The benchmark BSE Sensex and the broader NSE index ended largely unchanged, with BSE ending 0.08% lower and NSE 0.04% higher on Wednesday.

The benchmark 5.77% bond maturing in 2030 ended at 98.89 rupees, yielding 5.92%, against 98.82 rupees and 5.93% at previous close,

Merchandise exports fell 9.07% from a year earlier in November to \$23.43 billion, while imports also fell 13.33% on year to \$33.39 billion.

India's trade deficit in November totalled \$9.96 billion, the highest since January. It narrowed from \$12.75 billion in the same month last year preliminary data showed.

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FPI ACTIVITY

FPI bought net \$413.07 million as on 01 December 2020. For the month of November, FPI were net buyers of a total of \$9.762 billion.

The data presented below constitutes trades conducted by FPIs/FIIs upto the previous trading day.

Daily Trends in FPI Investments as on 01-Dec-2020				
Reporting Date	Debt/Equity	Investment Route	Net Investment (Rs Crore)	Net Investment US(\$ million)
02-Dec-20	Equity	Stock Exchange	3534.77	480.87
		Primary market & others	2.90	0.39
		Sub-total	3537.67	481.26
	Debt	Stock Exchange	-365.56	-49.73
		Primary market & others	-97.71	-13.29
		Sub-total	-463.27	-63.02
	Debt-VRR	Stock Exchange	-50.27	-6.84
		Primary market & others	26.00	3.54
		Sub-total	-24.27	-3.30
	Hybrid	Stock Exchange	-13.72	-1.87
		Primary market & others	0.00	0.00
		Sub-total	-13.72	-1.87
		Total	3036.41	413.07

Data Source: NSDL

RECAP – INTERNATIONAL

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.
US Dollar Index		91.19	91.19	91.50	90.99	91.12	-0.07	-0.08%
EURUSD	Spot	1.2070	1.2070	1.2119	1.2040	1.2115	0.0045	0.37%
GBPUSD		1.3415	1.3423	1.3442	1.3287	1.3363	-0.0052	-0.39%
USDJPY		104.30	104.32	104.76	104.22	104.40	0.10	0.10%

Data Source: Investing.com

The Dollar fell to a fresh 2-1/2-year low in choppy trading on Wednesday, weighed down by expectations of further fiscal stimulus for the United States.

Meanwhile, labour market continued to struggle due to the ongoing pandemic and capped downside of the Dollar.

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Private payrolls increased by 307,000 jobs in November, the ADP National Employment Report showed, lower than economists' forecast for a 410,000 rise.

The Euro rose against the U.S. Dollar on Wednesday amid broad greenback weakness.

The European Central Bank meets next week and investors expect that the ECB could act to stem the currency's rapid rise.

The Sterling fell as Britain and the European Union quickly approached a make-or-break moment in trade talks, with investors uncertain a deal will be reached.

The Japanese Yen was weak against the U.S. Dollar on Wednesday.

OUTLOOK – DOMESTIC & INTERNATIONAL CURRENCY

The Indian Rupee could start this Thursday on a slightly stronger note against the U.S. Dollar.

Weak U.S. Dollar and improved risk appetite in the region could lend support.

However, RBI's presence in the market could keep appreciation bias limited.

The Rupee could likely open around 73.68-73.70 per dollar compared with 73.80 at close on Wednesday.

Meanwhile, NDF is at 73.62/73.71 this Thursday morning vs a close of 73.68 on Tuesday.

Markets will now await the conclusion of the RBI monetary policy meeting.

Technically, USDINR Spot pair has bounced back from 73.44 levels, its 50-Daily Moving Average and could resume its upside momentum. However Bearish sentiment could continue below 73.75 levels.

Support is at 73.50-73.19 levels. Resistance is at 73.85-74.10 levels.

USDINR Spot pair is expected to trade in a range of 73.50-74.10 levels.

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Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
USDINR	29-Dec-20	74.00	73.31	73.46	73.73	73.88	74.15	74.31	74.58
EURINR		89.14	88.50	88.69	88.91	89.10	89.32	89.51	89.73
GBPINR		98.78	97.93	98.29	98.53	98.90	99.14	99.50	99.75
JPYINR		70.67	70.26	70.38	70.53	70.65	70.80	70.92	71.07

Data Source: NSE

Trend

Currency	Exchange	Daily	Weekly	Monthly	1 Week	1 Month	YTD	1 Year	3 Years
USD/INR Futures Continuous	NSE	Bearish	Sideways	Bullish	-0.07%	-1.01%	3.48%	3.25%	14.69%
EUR/INR Futures Continuous		Bullish	Bullish	Bullish	1.06%	1.85%	10.94%	12.18%	16.39%
GBP/INR Futures Continuous		Bullish	Bullish	Bullish	-0.07%	1.65%	4.78%	5.60%	13.54%
JPY/INR Futures Continuous		Bearish	Bullish	Bullish	-0.49%	-1.12%	7.19%	7.04%	23.52%

Data Source: Investing.com

US Dollar Index was flat to marginally weaker against the basket of currencies this Thursday morning in Asian trade as talks of economic stimulus from the U.S. and the expected start of COVID-19 vaccinations would support riskier asset and reduce the safe haven appeal of the Greenback.

The Euro and the Sterling were trading flat against the U.S. Dollar this Thursday morning in Asian trade.

The Japanese Yen was flat to marginally weak against the U.S. Dollar this Thursday morning.

Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
DXY	SPOT	91.12	90.40	90.69	90.91	91.20	91.42	91.71	91.93
EURO		1.2115	1.1985	1.2012	1.2064	1.2091	1.2143	1.2170	1.2222
Sterling		1.3363	1.3131	1.3209	1.3286	1.3364	1.3441	1.3519	1.3596
Yen		104.40	103.62	103.92	104.16	104.46	104.70	105.00	105.24

Data Source: Investing.com

Trend

Currency	Exchange	Daily	Weekly	Monthly	1 Week	1 Month	YTD	1 Year	3 Years
US Dollar Index	Spot	Bearish	Bearish	Bearish	-1.00%	-2.50%	-5.52%	-6.74%	-2.27%
EUR/USD		Bullish	Bullish	Bullish	1.64%	3.29%	7.99%	9.30%	2.04%
GBP/USD		Bullish	Bullish	Bullish	0.05%	2.90%	0.78%	1.98%	-0.87%
USD/JPY		Sideways	Bearish	Bearish	0.19%	-0.03%	-3.84%	-4.05%	-7.09%

Data Source: Investing.com

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ECONOMIC CALENDAR

Date	Time (IST)	Country	Relevance	Indicator Name	Period	Reuters Poll	Prior
3 Dec 2020	15:00	Britain	High	Composite PMI	Nov	47.4	47.4
	15:00	Britain		Services PMI	Nov	45.8	45.8
	19:00	United States		Initial Jobless Claims	28 Nov, w/e	775k	778k
	20:30	United States		ISM N-Mfg PMI	Nov	56.0	56.6

Data Source: Investing.com

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