

Currency Update

December 17, 2020

RECAP - DOMESTIC

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.	OI	% Chng.	Vol	% Chng.
USDINR	29-Dec-20	73.68	73.62	73.72	73.55	73.68	Unch	-	3931162	13.87%	2441317	86.39%
EURINR		89.57	89.50	89.89	89.42	89.79	0.22	0.25%	208195	-2.04%	189161	23.32%
GBPINR		98.28	98.85	99.55	98.50	99.48	1.19	1.22%	168935	55.40%	512764	10.80%
JPYINR		70.86	70.99	71.35	70.99	71.27	0.41	0.58%	30591	8.87%	50575	52.15%

Data Source: NSE

The Indian Rupee ended with marginal gains against the U.S. currency on Wednesday tracking the weakness of the dollar index and foreign fund inflows.

The Rupee ended at 73.57 to the dollar compared with 73.64 in the previous session.

The Dollar Index was down 0.32% at 90.18 this Wednesday afternoon trade in Asia lingering near its lowest level in over two years.

Meanwhile, risk appetite improved in the market amid report of progress on reaching a deal on the coronavirus relief bill in the U.S. House of Representatives.

Asian currencies were mostly higher this Wednesday and lent support.

The one-year forward premium was at 3.21 rupees against 3.18 rupees in the previous session.

The benchmark BSE Sensex and the broader NSE index rose for the fourth straight session and gained 0.87% and 0.85%, respectively on Wednesday.

The benchmark 5.77% bond maturing in 2030 ended at 98.73 rupees, yielding 5.94%, against 98.75 rupees, yielding 5.94%, at previous close.

FPI ACTIVITY

FPI bought net \$18.45 million as on 15 December 2020.

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

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For the month of December, FPI were net buyers of a total of \$5.452 billion.

From the month of March 2020 FPI were net buyers of a total of \$10.342 billion.

Daily Trends in FPI Investments as on 15-Dec-2020				
Reporting Date	Debt/Equity	Investment Route	Net Investment (Rs Crore)	Net Investment US(\$) million
16-Dec-20	Equity	Stock Exchange	2315.03	314.31
		Primary market & others	-4.10	-0.56
		Sub-total	2310.93	313.75
	Debt	Stock Exchange	-442.95	-60.14
		Primary market & others	-209.59	-28.46
		Sub-total	-652.54	-88.60
	Debt-VRR	Stock Exchange	-50.43	-6.85
		Primary market & others	-1468.61	-199.40
		Sub-total	-1519.04	-206.25
	Hybrid	Stock Exchange	-3.32	-0.45
		Primary market & others	0.00	0.00
		Sub-total	-3.32	-0.45
		Total	136.03	18.45

Data Source: NSDL

RECAP – INTERNATIONAL

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.
US Dollar Index	Spot	90.47	90.49	90.70	90.13	90.45	-0.02	-0.02%
EURUSD		1.2151	1.2152	1.2213	1.2125	1.2197	0.0046	0.38%
GBPUSD		1.3461	1.3460	1.3554	1.3434	1.3507	0.0046	0.34%
USDJPY		103.66	103.67	103.92	103.26	103.48	-0.18	-0.17%

Data Source: Investing.com

The Dollar recovered from the lows of the session, but still ended weak in a choppy trading session after the Federal Reserve disappointed investors expecting a shift toward more purchases of longer-dated bonds.

The U.S. Federal Reserve pledged to keep its benchmark interest rate near zero until an economic recovery is complete.

Fed Chair Jerome Powell said in a news conference the U.S. economy might take continued support from both fiscal, monetary policy for recovery would not hesitate to expand support if necessary.

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However, his comments did not provide any indication that the Fed would at some point either increase the pace or type of government bonds it is buying currently at a rate of \$120 billion per month.

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

The Sterling also ended with gains against the U.S. Dollar on Wednesday supported by positive soundings from the European Union on Brexit talks.

The EU's chief executive said that she could not say if there would be a trade deal with Britain but there had been progress and the next few days would be critical.

The Japanese Yen ended strong against the U.S. Dollar on Wednesday on broad Greenback weakness.

OUTLOOK – DOMESTIC & INTERNATIONAL CURRENCY

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

However, weak U.S. Dollar and optimism surrounding the U.S stimulus aid package could lift sentiments.

Asian currencies were strong this Thursday morning and could cap losses for the domestic unit. However, RBI could be present in the markets to cap gains.

So, the Rupee could likely open around 73.60-73.62 per dollar compared with 73.57 at close on Wednesday.

The Rupee's trend for the day is range bound.

Meanwhile, NDF is at 73.58/73.59 this Thursday morning vs a close of 73.544 on Wednesday.

Technically, the USDINR Spot pair still holds a strong support near 73.40 levels from where it has bounced back and started trading above 73.55 levels indicating sideways momentum to continue in coming session where breakout above 73.70 levels could see a bullish momentum.

The USDINR Spot pair is expected to trade in a range of 73.45-73.80 levels.

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Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
USDINR	29-Dec-20	73.68	73.42	73.48	73.58	73.65	73.75	73.82	73.92
EURINR		89.79	89.03	89.22	89.51	89.70	89.98	90.17	90.46
GBPINR		99.48	97.75	98.13	98.80	99.18	99.85	100.23	100.90
JPYINR		71.27	70.70	70.85	71.06	71.20	71.41	71.56	71.77

Data Source: NSE

Trend

Currency	Exchange	Daily	Weekly	Monthly	1 Week	1 Month	YTD	1 Year	3 Years
USD/INR Futures Continuous	NSE	Bearish	Bearish	Bullish	-0.18%	-0.75%	2.99%	3.66%	14.62%
EUR/INR Futures Continuous		Bullish	Bullish	Bullish	0.63%	1.92%	11.77%	13.43%	18.36%
GBP/INR Futures Continuous		Bullish	Bullish	Bullish	1.34%	0.94%	5.52%	6.74%	15.86%
JPY/INR Futures Continuous		Bullish	Bullish	Bullish	0.91%	-0.19%	8.10%	9.63%	24.79%

Data Source: Investing.com

US Dollar Index extended losses against the basket of currencies this Thursday morning in Asian trade as progress toward agreeing a U.S. stimulus package and a Brexit deal boosted risk appetite at the expense of the safest assets.

The Euro, the Sterling and the Japanese Yen were stronger against the U.S. Dollar this Thursday morning in Asian trade.

Markets will look ahead to cues from the BoE monetary policy meeting today and jobless claims data.

Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
DX	SPOT	90.45	89.58	89.86	90.15	90.43	90.72	91.00	91.29
EURO		1.2197	1.2056	1.2090	1.2144	1.2178	1.2232	1.2266	1.2320
Sterling		1.3507	1.3323	1.3378	1.3443	1.3498	1.3563	1.3618	1.3683
Yen		103.48	102.53	102.89	103.19	103.55	103.85	104.21	104.51

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	-0.62%	-2.23%	-6.36%	-7.33%	-3.66%
EUR/USD		Bullish	Bullish	Bullish	0.46%	2.87%	8.74%	9.71%	3.48%
GBP/USD		Bullish	Bullish	Bullish	1.62%	1.81%	1.89%	3.31%	0.95%
USD/JPY		Bearish	Bearish	Bearish	-0.74%	-0.39%	-4.78%	-5.57%	-8.10%

Data Source: Investing.com

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ECONOMIC CALENDAR

Date	Time (IST)	Country	Relevance	Indicator Name	Period	Reuters Poll	Prior
17 Dec 2020	15:30	Euro Zone	High	HICP Final MM	Nov	-0.3%	0.2%
	15:30			HICP Final YY	Nov	-0.3%	-0.3%
	17:30	United Kingdom		BOE Bank Rate	Dec		0.10%
	19:00	United States		Housing Starts Number	Nov	1.530M	1.530M
	19:00			Initial Jobless Claims	12 Dec, w/e	800k	853k
	19:00			Philly Fed Business Index	Dec	20.0	26.3

Data Source: Investing.com

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