

Currency Update

December 15, 2020

RECAP - DOMESTIC

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.	OI	% Chng.	Vol	% Chng.
USDINR	29-Dec-20	73.86	73.82	73.84	73.59	73.65	-0.21	-0.28%	3481949	-1.79%	1641954	-6.72%
EURINR		89.47	89.46	89.54	89.33	89.49	0.02	0.02%	207889	0.68%	165240	-24.12%
GBPINR		97.43	98.28	98.92	98.04	98.87	1.44	1.48%	146363	12.07%	503889	8.25%
JPYINR		70.95	70.92	71.03	70.74	70.99	0.03	0.05%	26586	-0.31%	39077	2.57%

Data Source: NSE

The Indian Rupee appreciated against the U.S. currency supported by foreign portfolio flows and a weak U.S. dollar.

The Rupee ended at 73.58 to the dollar compared with 73.65 on Friday.

The Dollar index was down by almost 0.5% at 90.55 this Monday afternoon trade, hovering near its lowest level since April 2018.

Most of the non-dollar currencies were stronger against the U.S. Dollar primarily on the back of a possibility of a Brexit deal.

Asian currencies were mixed but Chinese Yuan was stronger against the Dollar on optimism on growth amid vaccine rollouts in developed nations.

The Federal Reserve will come out with its monetary policy review on Wednesday. We believe that the U.S. Fed could provide fresh hints toward adjustments in the asset purchase program and could weigh on the greenback.

The one-year forward premium was at 3.20 rupees against 3.16 rupees in the previous session.

Meanwhile, data showed that retail inflation rate in November stood at 6.93%, the pace easing from 7.61% in the previous month.

Wholesale prices rose 1.55% on year in November, lagging a median forecast of a 1.62% annual expansion according to a Reuters poll of economists, but faster than previous month's 1.48% rise.

The benchmark BSE Sensex and the broader NSE index gained 0.34% and 0.33%, respectively on Monday.

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The benchmark 5.77% bond maturing in 2030 ended at 98.71 rupees, yielding 5.95%, against 98.64 rupees, yielding 5.96%, at previous close.

FPI ACTIVITY

FPI bought net \$1.02 billion as on 11 December 2020.

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

For the month of December, FPI were net buyers of a total of \$4.763 billion.

From the month of March 2020 FPI were net buyers of a total of \$9.653 billion.

Daily Trends in FPI Investments as on 11-Dec-2020					
Reporting Date	Debt/Equity	Investment Route	Net Investment (Rs Crore)	Net Investment US(\$)	million
14-Dec-20	Equity	Stock Exchange	4976.15	676.19	
		Primary market & others	61.27	8.33	
		Sub-total	5037.42	684.52	
	Debt	Stock Exchange	2541.72	345.38	
		Primary market & others	-142.34	-19.34	
		Sub-total	2399.38	326.04	
	Debt-VRR	Stock Exchange	67.64	9.19	
		Primary market & others	2.55	0.35	
		Sub-total	70.19	9.54	
	Hybrid	Stock Exchange	2.12	0.29	
		Primary market & others	0.00	0.00	
		Sub-total	2.12	0.29	
		Total	7509.11	1020.39	

Data Source: NSDL

RECAP – INTERNATIONAL

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.
US Dollar Index		90.78	90.98	90.98	90.42	90.71	-0.07	-0.08%
EURUSD	Spot	1.2134	1.2131	1.2177	1.2115	1.2143	0.0009	0.07%
GBPUSD		1.3317	1.3281	1.3447	1.3274	1.3322	0.0005	0.04%
USDJPY		103.96	104.00	104.11	103.51	104.03	0.07	0.07%

Data Source: Investing.com

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The Dollar ended near two-year lows on Monday as riskier currencies got a boost from progress on COVID-19 vaccines and the possibility of a U.S. coronavirus relief plan.

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

The Sterling also ended with gains against the U.S. Dollar on Monday after Britain and the European Union extended discussions on a post-Brexit trade deal beyond the previous day's deadline.

The Japanese Yen ended weak against the U.S. Dollar on Monday.

OUTLOOK – DOMESTIC & INTERNATIONAL CURRENCY

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

However, weak U.S Dollar could continue to lend support to the currency.

Asian currencies were weak this Tuesday morning and could cap gains for the domestic unit.

The Rupee could likely open around 73.58-60 per dollar compared with 73.58 at close on Monday. The Rupee's trend for the day is range bound.

Meanwhile, NDF is at 73.64/64 this Tuesday morning vs a close of 73.6411 on Monday.

Technically, USDINR Spot is holding a strong support near 73.40 levels below which could see a downside pressure up to 73.28-73.15 levels.

However rebound above 73.66 levels could see an upside push up to 73.75-73.90 levels.

USDINR Spot is expected to trade in a range of 73.28-73.70 levels.

Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
USDINR		73.65	73.29	73.44	73.55	73.69	73.80	73.95	74.06
EURINR		89.49	89.15	89.24	89.36	89.45	89.58	89.66	89.79
GBPINR	29-Dec-20	98.87	97.43	97.73	98.30	98.61	99.18	99.48	100.05
JPYINR		70.99	70.52	70.63	70.81	70.92	71.09	71.20	71.38

Data Source: NSE

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Trend

Currency	Exchange	Daily	Weekly	Monthly	1 Week	1 Month	YTD	1 Year	3 Years
USD/INR Futures Continuous	NSE	Bearish	Bearish	Bullish	-0.12%	-1.32%	2.95%	3.57%	14.83%
EUR/INR Futures Continuous		Bullish	Bullish	Bullish	0.17%	1.37%	11.38%	12.95%	18.02%
GBP/INR Futures Continuous		Sideways	Bullish	Bullish	0.50%	0.47%	4.84%	4.07%	14.81%
JPY/INR Futures Continuous		Sideways	Bullish	Bullish	0.16%	-0.20%	7.61%	9.08%	23.97%

Data Source: Investing.com

US Dollar Index was trading weaker this Tuesday morning in Asian trade ahead of the Federal Reserve meeting this week and as demand for the safest assets remained weak amid progress toward agreeing U.S. fiscal stimulus and optimism for a Brexit deal.

The Euro was higher against the U.S. Dollar this Tuesday morning in Asian trade on broad Greenback weakness.

The Sterling rose against the dollar this Tuesday morning in Asian trade amid extension of Brexit talks.

The Japanese Yen was marginally weak against the U.S. Dollar this Tuesday morning.

Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
DXY	SPOT	90.71	89.87	90.14	90.43	90.70	90.99	91.26	91.55
EURO		1.2143	1.2051	1.2083	1.2113	1.2145	1.2175	1.2207	1.2237
Sterling		1.3322	1.3075	1.3175	1.3248	1.3348	1.3421	1.3521	1.3594
Yen		104.03	103.06	103.28	103.66	103.88	104.26	104.48	104.86

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	-0.36%	-2.16%	-5.97%	-6.58%	-3.50%
EUR/USD		Bullish	Bullish	Bullish	0.50%	2.60%	8.46%	9.13%	3.46%
GBP/USD		Sideways	Bullish	Bullish	-0.09%	1.14%	0.62%	0.09%	0.15%
USD/JPY		Bearish	Bearish	Bearish	-0.09%	-0.48%	-4.20%	-4.97%	-7.57%

Data Source: Investing.com

ECONOMIC CALENDAR

Date	Time (IST)	Country	Relevance	Indicator Name	Period	Poll	Prior
15 Dec 2020	12:30	United Kingdom	High	Claimant Count Unemployment Change	Nov		-29.8k
	12:30			ILO Unemployment Rate	Oct	5.1%	4.8%
	19:45			Industrial Production MM	Nov	0.3%	1.1%

Data Source: Investing.com

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