

Currency Update

December 01, 2020

RECAP - DOMESTIC

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.	OI	% Chng.	Vol	% Chng.
USDINR	29-Dec-20	74.08	74.03	74.28	73.95	74.20	0.12	0.17%	2348667	18.08%	2707948	23.89%
EURINR		88.20	88.36	88.51	88.18	88.47	0.27	0.30%	183348	13.50%	167205	-5.60%
GBPINR		98.88	98.76	99.16	98.76	98.87	-0.01	-0.01%	145494	-0.20%	227332	-4.98%
JPYINR		71.04	71.13	71.39	71.11	71.27	0.22	0.32%	35824	6.91%	57974	32.38%

Data Source: NSE

The Indian Rupee depreciated against the U.S. Dollar on Friday possibly on the back of Greenback purchases likely on behalf of the central bank.

The Rupee ended at 74.05 to the dollar compared with 73.89 in the previous session.

However for the month of November, the currency ended pretty flat against the U.S. Dollar as persistent dollar bids likely for the central bank, offset the impact of robust foreign inflows in local equities and a broad dollar weakness.

On the data front, India's economy contracted at a slower pace in the fiscal second quarter, as New Delhi lifted most lockdown restrictions and policymakers ramped up stimulus measures to combat the coronavirus crisis.

Asia's third largest economy shrank 7.5% from a year earlier in July-September, the second quarter of contraction in a row that marks a so-called technical recession.

However, the pace of contraction slowed from the record 23.9% in the previous quarter and was lower than the median forecast of an 8.8% in a Reuters' poll for the quarter ended Sep. 30.

India's foreign exchange reserves rose for the eighth straight week to hit a fresh record high of \$575.29 billion for the week ending Nov. 20, from \$572.77 billion in the prior week. The rise was mainly due to an increase in foreign currency assets that stood at \$533.10 billion, up from \$530.27 billion in the previous week, according to the data from RBI.

India's fiscal deficit in the first seven months of the current financial year that started Apr. 1 totalled 9.53 trillion rupees, widening from 7.20 trillion rupees in the comparable year-earlier period, government data showed. Fiscal deficit for April-October was 119.7% of the government's estimate for this financial year.

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The benchmark BSE Sensex and the broader NSE index ended 0.25% and 0.14% lower, respectively on Friday.

The benchmark 5.77% bond maturing in 2030 ended at 98.96 rupees, yielding 5.91%, against 99.24 rupees and 5.87% yield at previous close.

The one-year forward premium was at 3.15 rupees unchanged against the previous session.

FPI ACTIVITY

FPI bought net \$336.06 million as on 26 November 2020. For the month of November, FPI were net buyers of a total of \$8.61 billion.

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

Daily Trends in FPI Investments as on 26-Nov-2020					
Reporting Date	Debt/Equity	Investment Route	Net Investment (Rs Crore)	Net Investment US(\$ million)	
27-Nov-20	Equity	Stock Exchange	3004.66	406.99	
		Primary market & others	-3.00	-0.41	
		Sub-total	3001.66	406.58	
	Debt	Stock Exchange	-825.44	-111.81	
		Primary market & others	380.42	51.53	
		Sub-total	-445.02	-60.28	
	Debt-VRR	Stock Exchange	-80.27	-10.87	
		Primary market & others	26.18	3.55	
		Sub-total	-54.09	-7.32	
	Hybrid	Stock Exchange	-21.54	-2.92	
		Primary market & others	0.00	0.00	
		Sub-total	-21.54	-2.92	
		Total	2481.01	336.06	

Data Source: NSDL

RECAP – INTERNATIONAL

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.
US Dollar Index		91.79	91.78	92.05	91.51	91.87	0.08	0.09%
EURUSD	Spot	1.1962	1.1957	1.2004	1.1924	1.1928	-0.0034	-0.28%
GBPUSD		1.3314	1.3314	1.3386	1.3304	1.3321	0.0007	0.05%
USDJPY		104.10	104.07	104.42	103.82	104.27	0.17	0.16%

Data Source: Investing.com

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The Dollar Index hit an almost three-month low on Friday after strong economic data from China pushed investors toward riskier currencies and equity markets extended their rally.

The Euro and the Yen rose against the U.S. Dollar on Friday, while the Sterling fell against the U.S. Dollar on Friday.

On Monday, the Dollar Index fell to a low of 91.51, as broad risk sentiment improved overall, with investors looking to President-elect Joe Biden's economic team that is likely to push for more stimulus to counter the shock from the coronavirus pandemic.

However, the Dollar Index recovered from 2-year lows as broad risk sentiment weakened again with investors disheartened by weakening U.S. economic data and the absence of any traction on another stimulus package.

The Euro also fell against the U.S. Dollar on Monday. The Sterling ended flat against the U.S. Dollar, but gave up most of the gains on Monday.

The Japanese Yen was weak against the U.S. Dollar over the last 2 trading sessions.

OUTLOOK – DOMESTIC & INTERNATIONAL CURRENCY

The Indian Rupee could start this Tuesday on a flat note against the Greenback.

The Rupee could likely open around 74.00-74.05 per dollar compared with 74.04 at close on Friday.

Meanwhile, NDF is at 73.98/74.11 this Tuesday morning vs a close of 74.04 on Monday.

Weak U.S. Dollar and foreign fund inflows into the domestic equity markets could also help the local unit. However, central bank's presence could cap gains in the currency.

Technically, the USDINR Spot pair bounced back from 73.72 levels & started to trade above 50-Daily Moving Average at 73.82 levels indicating a bullish Reversal where breakout above 74.00 levels will be awaited.

Support is at 73.75-73.63 levels. Resistance is at 74.05-74.15 levels.

USDINR Spot is expected to trade in a range of 73.82-74.10 levels.

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Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
USDINR	29-Dec-20	74.20	73.69	73.82	74.01	74.14	74.33	74.47	74.66
EURINR		88.47	87.94	88.06	88.26	88.39	88.59	88.71	88.92
GBPINR		98.87	98.29	98.52	98.70	98.93	99.10	99.33	99.51
JPYINR		71.27	70.84	70.98	71.12	71.26	71.40	71.53	71.68

Data Source: NSE

Trend

Currency	Exchange	Daily	Weekly	Monthly	1 Week	1 Month	YTD	1 Year	3 Years
USD/INR Futures Continuous	NSE	Sideways	Bullish	Bullish	0.25%	-0.49%	3.75%	3.33%	14.80%
EUR/INR Futures Continuous		Bullish	Bullish	Bullish	0.64%	1.82%	10.14%	11.72%	15.54%
GBP/INR Futures Continuous		Bullish	Bullish	Bullish	0.06%	2.69%	4.89%	6.71%	13.72%
JPY/INR Futures Continuous		Bullish	Bullish	Bullish	0.42%	0.08%	8.05%	8.55%	23.74%

Data Source: Investing.com

US Dollar Index was flat to marginally weaker against the basket of currencies as investors reckon on even more U.S. monetary easing.

Speculation grows that the Federal Reserve might act to support the economy with the central bank meeting to set policy on Dec. 15 and 16.

However, markets will also watch out Fed Chair Jerome Powell remarks before Congress this week.

The Euro and the Sterling were trading flat to marginally higher against the U.S. Dollar this Tuesday morning in Asian trade.

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

Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
DXY	SPOT	91.87	91.03	91.27	91.57	91.81	92.11	92.35	92.65
EURO		1.1928	1.1820	1.1872	1.1900	1.1952	1.1980	1.2032	1.2060
Sterling		1.3321	1.3206	1.3255	1.3288	1.3337	1.3370	1.3419	1.3452
Yen		104.27	103.32	103.57	103.92	104.17	104.52	104.77	105.12

Data Source: Investing.com

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Trend

Currency	Exchange	Daily	Weekly	Monthly	1 Week	1 Month	YTD	1 Year	3 Years
US Dollar Index	Spot	Bearish	Bearish	Bearish	-0.34%	-2.36%	-4.65%	-6.08%	-1.06%
EUR/USD		Bullish	Bullish	Bullish	0.50%	2.64%	6.56%	7.83%	0.47%
GBP/USD		Bullish	Bullish	Bullish	-0.08%	3.35%	0.65%	3.16%	-0.95%
USD/JPY		Bearish	Bearish	Bearish	-0.10%	-0.36%	-3.95%	-4.28%	-6.94%

Data Source: Investing.com

ECONOMIC CALENDAR

Date	Time (IST)	Country	Relevance	Event	Period	Forecast	Previous
1 Dec 2020	9:00	Australia	High	RBA Interest Rate Decision	Dec	0.10%	0.10%
	9:00	Australia	High	RBA Rate Statement			
	14:25	Eurozone	High	German Manufacturing PMI	Nov	57.9	57.9
	14:25	Eurozone	High	German Unemployment Change	Nov	8K	-35K
	15:00	Britain	High	Manufacturing PMI	Nov	55.2	55.2
	15:30	United States	High	OPEC Meeting			
	15:30	Eurozone	High	CPI (YoY)	Nov	-0.20%	-0.30%
	20:30	United States	High	Fed Chair Powell Testifies			
	20:30	United States	High	ISM Manufacturing PMI	Nov	58	59.3
	22:30	Eurozone	High	ECB President Lagarde Speaks			

Data Source: Investing.com

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