

# Currency Update

December 22, 2020

## RECAP - DOMESTIC

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.	OI	% Chng.	Vol	% Chng.
USDINR	29-Dec-20	73.61	73.68	74.22	73.64	74.10	0.49	0.67%	4899140	0.26%	2568050	46.40%
EURINR		90.14	89.75	90.20	89.72	90.06	-0.08	-0.09%	185659	-9.04%	275830	57.61%
GBPINR		99.53	98.50	98.69	97.65	98.11	-1.42	-1.43%	117808	-19.47%	695242	43.48%
JPYINR		71.20	71.22	71.44	71.14	71.36	0.16	0.22%	29164	5.45%	53473	2.27%

Data Source: NSE

The Indian Rupee ended weak against the U.S. Dollar as risk appetite in the region weakened after the U.K imposed lockdowns to curb the new strain of Covid-19, pushing investors to the safety of the dollar.

The variant, which officials say is up to 70% more transmissible than the original, prompted concerns about a wider spread which has prompted several European countries to take measures to prevent people arriving from Britain, including bans on flights and trains.

The Rupee ended at 73.78 to the dollar compared with 73.56 on Friday. The rupee fell 0.3% this Monday, its biggest one-day decline since Nov. 12. NDF ended at 73.90 on Monday.

The local unit also tracked the losses in Asian currencies, which were weaker by at least 0.3% this Monday trade.

The Dollar Index was up 0.98% at 90.89 in Monday's afternoon, extending from Friday's rise and was headed for its biggest single-session rise since Sep. 21.

The one-year forward premium was at 3.26 rupees against 3.24 rupees in the previous session.

The benchmark BSE Sensex and the broader NSE index plunged 3% and 3.14%, respectively on Monday.

The benchmark 5.77% bond maturing in 2030 ended at 98.64 rupees, yielding 5.96%, against 98.62 rupees, yielding 5.96%, at the previous close.

## FPI ACTIVITY

FPI bought net \$482.42 million as on 18 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 \$6.814 billion. From the month of March 2020 FPI were net buyers of a total of \$11.704 billion.

Daily Trends in FPI Investments as on 18-Dec-2020				
Reporting Date	Debt/Equity	Investment Route	Net Investment (Rs Crore)	Net Investment US(\$) million
21-Dec-20	Equity	Stock Exchange	3776.59	513.72
		Primary market & others	64.05	8.71
		Sub-total	3840.64	522.43
	Debt	Stock Exchange	-495.19	-67.36
		Primary market & others	162.51	22.11
		Sub-total	-332.68	-45.25
	Debt-VRR	Stock Exchange	6.45	0.88
		Primary market & others	29.00	3.94
		Sub-total	35.45	4.82
	Hybrid	Stock Exchange	3.11	0.42
		Primary market & others	0.00	0.00
		Sub-total	3.11	0.42
		Total	3546.52	482.42

Data Source: NSDL

## RECAP – INTERNATIONAL

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.
US Dollar Index		90.02	89.92	91.02	89.92	90.04	0.02	0.02%
EURUSD		1.2255	1.2212	1.2253	1.2129	1.2236	-0.0019	-0.16%
GBPUUSD	Spot	1.3520	1.3401	1.3495	1.3190	1.3447	-0.0073	-0.54%
USDJPY		103.31	103.50	103.89	103.25	103.35	0.04	0.04%

Data Source: Investing.com

The Dollar ended higher in a choppy trading session on Monday.

The Index briefly touched 91.00 levels as a fast-spreading new coronavirus strain prevalent in Britain prompted investors to seek safety in the greenback.

However, after the brief rise, the dollar gave up gains as investors looked past concerns about a fast-spreading new coronavirus strain prevalent in Britain and focused on the U.S. stimulus package set to be voted on by Congress.

Market sentiment was helped as well by remarks from the World Health Organization, which tried to ease concerns about the latest virus mutation and vaccine effectiveness.

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The Euro and the Sterling and the Japanese Yen ended weak against the U.S. Dollar on Monday on broad Greenback rebound.

## OUTLOOK – DOMESTIC & INTERNATIONAL CURRENCY

The Indian Rupee could start this Tuesday on a marginally weak note against the U.S. Dollar rebounded amid safe haven appeal for the currency.

Asian currencies were weak this Tuesday morning and could weigh on sentiments.

The Rupee could likely open around 73.78-73.85 per dollar compared with 73.78 at close on Monday. The Rupee's trend for the day is marginally weak.

However, RBI could be present in the markets.

Meanwhile, NDF is at 73.73 this Monday morning vs a close of 73.90 on Monday.

Technically, the USDINR Spot pair had a positive session after a long consolidation in a narrow range. It has given a breakout above 73.70 levels where further could see 73.95-74.10 levels. Support will be at 73.55-73.40. The USDINR Spot pair is expected to trade in a range of 73.55-73.95 levels.

### Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
29-Dec-20	USDINR	74.10	73.17	73.40	73.75	73.99	74.34	74.57	74.92
	EURINR	90.06	89.31	89.52	89.79	89.99	90.27	90.47	90.74
	GBPINR	98.11	96.57	97.11	97.61	98.15	98.65	99.19	99.69
	JPYINR	71.36	70.88	71.01	71.18	71.31	71.49	71.62	71.79

Data Source: NSE

### Trend

Currency	Exchange	Daily	Weekly	Monthly	1 Week	1 Month	YTD	1 Year	3 Years
USD/INR Futures Continuous	NSE	Bullish	Sideways	Bullish	0.58%	0.02%	3.58%	4.01%	15.67%
EUR/INR Futures Continuous		Bullish	Bullish	Bullish	0.57%	2.23%	12.12%	14.10%	18.62%
GBP/INR Futures Continuous		Sideways	Bullish	Bullish	-0.20%	-0.89%	4.01%	6.08%	14.42%
JPY/INR Futures Continuous		Bullish	Bullish	Bullish	0.68%	-0.09%	8.17%	9.47%	26.13%

Data Source: Investing.com

US Dollar Index rose this Tuesday morning in Asian trade as a new coronavirus strain in Britain again sent jitters through holiday-thinned currency markets.

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Markets could look to cues from the key data points today. GDP data from the U.S., along with consumer confidence and home sales data will be released.

The Euro and the Sterling were weaker against the U.S. Dollar this Tuesday morning in Asian trade.

The Sterling briefly rose back above \$1.3400 against the Greenback amid reports that the European Union was considering a compromise on fishing rights - a stumbling block to a trade deal.

However, no deal has been reached yet and markets remained on the edge. GDP data could also drive the markets in the intraday session.

The Japanese Yen was flat against the U.S. Dollar this Tuesday morning in Asian trade.

## Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
DXY		90.04	88.53	89.23	89.63	90.33	90.73	91.43	91.83
EURO		1.2236	1.2035	1.2082	1.2159	1.2206	1.2283	1.2330	1.2407
Sterling	SPOT	1.3447	1.2955	1.3072	1.3260	1.3377	1.3565	1.3682	1.3870
Yen		103.35	102.46	102.86	103.10	103.50	103.74	104.14	104.38

Data Source: Investing.com

## Trend

Currency	Exchange	Daily	Weekly	Monthly	1 Week	1 Month	YTD	1 Year	3 Years
US Dollar Index		Bearish	Bearish	Bearish	-0.42%	-2.61%	-6.54%	-7.75%	-3.49%
EUR/USD	Spot	Bullish	Bullish	Bullish	0.67%	3.31%	9.10%	10.32%	3.15%
GBP/USD		Bullish	Bullish	Bullish	-0.28%	0.75%	1.24%	3.79%	0.46%
USD/JPY		Bearish	Bearish	Bearish	-0.31%	-1.15%	-4.86%	-5.53%	-8.77%

Data Source: Investing.com

## ECONOMIC CALENDAR

Date	Time (IST)	Country	Relevance	Indicator Name	Period	Reuters Poll	Prior	
22 Dec 2020	12:30	United Kingdom	High	GDP QQ	Q3	15.5%	15.5%	
	12:30			GDP YY	Q3	-9.6%	-9.6%	
	19:00	United States		GDP Final	Q3	33.1%	33.1%	
	20:30			Consumer Confidence	Dec	97.0	96.1	
	20:30			Existing Home Sales	Nov	6.70M	6.85M	

Data Source: Investing.com

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