

# Currency Update

December 16, 2020

## RECAP - DOMESTIC

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.	OI	% Chng.	Vol	% Chng.
USDINR	29-Dec-20	73.65	73.67	73.78	73.66	73.68	0.02	0.03%	3452231	-0.85%	1309775	-20.23%
EURINR		89.49	89.55	89.65	89.46	89.57	0.08	0.08%	212538	2.24%	153392	-7.17%
GBPINR		98.87	98.46	98.46	97.98	98.28	-0.59	-0.60%	108712	-25.72%	462791	-8.16%
JPYINR		70.99	70.99	70.99	70.76	70.86	-0.13	-0.19%	28099	5.69%	33241	-14.93%

Data Source: NSE

The Indian Rupee depreciated marginally against the dollar this Tuesday tracking weakness in most regional currencies as risk appetite waned as many countries are imposing fresh Covid-19 restrictions which could derail a global economic recovery.

The Rupee ended at 73.64 to the dollar compared with 73.58 close on Monday.

Investors also refrained themselves from taking large positions ahead of the Fed monetary policy decision.

Along with Fed, we have the BoE and BoJ monetary policies this week and their forward guidance on the respective economies will be keenly awaited.

In other news, S&P Global Ratings today revised its prediction for India's economic contraction to 7.7% from 9.0% earlier on rising demand and falling coronavirus infection rates.

The one-year forward premium was at 3.18 rupees against 3.20 rupees in the previous session.

The benchmark BSE Sensex and the broader NSE index ended largely unchanged in a choppy trading session on Tuesday.

The benchmark 5.77% bond maturing in 2030 ended at 98.75 rupees, yielding 5.94%, against 98.71 rupees, yielding 5.95%, at previous close.

Data showed that India's trade deficit in November totalled \$9.87 billion, the highest since January. It narrowed from \$12.75 billion in the same month last year but widened from \$8.71 billion in October.

Exports fell 8.74% from a year earlier in November to \$23.52 billion, while, imports were at \$33.39 billion last month, down 13.32%.

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## FPI ACTIVITY

FPI bought net \$670.65 million as on 14 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 \$5.433 billion.

From the month of March 2020 FPI were net buyers of a total of \$10.324 billion.

Daily Trends in FPI Investments as on 14-Dec-2020				
Reporting Date	Debt/Equity	Investment Route	Net Investment (Rs Crore)	Net Investment US(\$) million
15-Dec-20	Equity	Stock Exchange	2650.09	360.35
		Primary market & others	827.18	112.48
		Sub-total	3477.27	472.83
	Debt	Stock Exchange	1716.82	233.45
		Primary market & others	-34.54	-4.70
		Sub-total	1682.28	228.75
	Debt-VRR	Stock Exchange	0.00	0.00
		Primary market & others	-230.00	-31.27
		Sub-total	-230.00	-31.27
	Hybrid	Stock Exchange	2.47	0.34
		Primary market & others	0.00	0.00
		Sub-total	2.47	0.34
		Total	4932.02	670.65

Data Source: NSDL

## RECAP – INTERNATIONAL

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.
US Dollar Index		90.71	90.69	90.82	90.42	90.47	-0.24	-0.26%
EURUSD	Spot	1.2143	1.2143	1.2170	1.2121	1.2151	0.0008	0.07%
GBPUSD		1.3322	1.3323	1.3470	1.3280	1.3461	0.0139	1.04%
USDJPY		104.03	104.04	104.15	103.60	103.66	-0.37	-0.36%

Data Source: Investing.com

The Dollar extended losses on Tuesday as investors hoped that a \$1.4 trillion U.S stimulus covid-19 aid package could be passed.

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Risk appetite improved as vaccine roll-outs expanded and as Moderna Inc's COVID-19 vaccine appears set for regulatory authorisation in the United States this week.

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

The Sterling also ended with gains against the U.S. Dollar on Tuesday on Brexit deal hopes.

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

## OUTLOOK – DOMESTIC & INTERNATIONAL CURRENCY

The Indian Rupee could start this Wednesday on a strong note against the U.S. Dollar, tracking the weakness of the Greenback.

The U.S Dollar continued to struggle near the 2 year lows as risk appetite improved supported by vaccine roll-out expansion and hopes of passage of a massive U.S. stimulus aid this week.

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

Additionally, RBI could be present in the markets to cap gains.

So, the Rupee could likely open around 73.48-73.50 per dollar compared with 73.64 at close on Tuesday.

However, after the brief strong opening some depreciation can be expected as most markets await the conclusion of the U.S. Fed meeting tonight.

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

Meanwhile, NDF is at 73.56 this Wednesday morning vs a close of 73.46 on Tuesday.

Technically, the USDINR Spot pair ended on flat note in a very narrow range where it is holding a strong support near 73.40 levels and holding below a strong resistance of 73.75 levels indicating sideways momentum in the counter.

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	73.51	73.59	73.63	73.71	73.75	73.82	73.87
EURINR		89.57	89.28	89.37	89.47	89.56	89.66	89.75	89.84
GBPINR		98.28	97.54	97.76	98.02	98.24	98.49	98.71	98.97
JPYINR		70.86	70.52	70.64	70.75	70.87	70.98	71.10	71.21

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	-0.07%	-1.11%	2.98%	3.64%	14.86%
EUR/INR Futures Continuous		Bullish	Bullish	Bullish	0.23%	1.23%	11.46%	12.85%	18.11%
GBP/INR Futures Continuous		Bearish	Bullish	Bullish	-0.83%	-0.36%	4.28%	4.77%	14.20%
JPY/INR Futures Continuous		Sideways	Bullish	Bullish	0.10%	-0.77%	7.48%	9.10%	23.81%

Data Source: Investing.com

US Dollar Index was trading flat this Wednesday morning in Asian trade ahead of the Fed meeting tonight.

Policymakers are expected to keep the key overnight interest rate pinned near zero and signal it will stay there for years to come, a decision that analysts say will further boost investors' risk sentiment.

Markets also expect new guidance on how long the Fed will keep up its massive bond-buying program.

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

## Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
DXY	SPOT	90.47	89.92	90.17	90.32	90.57	90.72	90.97	91.12
EURO		1.2151	1.2076	1.2098	1.2125	1.2147	1.2174	1.2196	1.2223
Sterling		1.3461	1.3147	1.3214	1.3337	1.3404	1.3527	1.3594	1.3717
Yen		103.66	102.91	103.25	103.46	103.80	104.01	104.35	104.56

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	-0.61%	-2.04%	-6.08%	-6.88%	-3.62%
EUR/USD		Bullish	Bullish	Bullish	0.57%	2.44%	8.37%	8.97%	3.37%
GBP/USD		Bullish	Bullish	Bullish	0.30%	1.47%	1.33%	2.35%	0.86%
USD/JPY		Bearish	Bearish	Bearish	-0.52%	-0.48%	-4.56%	-5.31%	-7.91%

Data Source: Investing.com

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## ECONOMIC CALENDAR

Date	Time (IST)	Country	Relevance	Indicator Name	Period	Reuters Poll	Prior	
16 Dec 2020	12:30	United Kingdom	High	CPI YY	Nov	0.6%	0.7%	
	15:00			Flash Composite PMI	Dec	51.3	49.0	
	15:00			Flash Manufacturing PMI	Dec	55.9	55.6	
	15:00			Flash Services PMI	Dec	50.5	47.6	
	19:00	United States		Retail Sales MM	Nov	-0.3%	0.3%	
	0:30			FOMC Economic Projections				
	0:30			FOMC Statement				
	0:30			Fed Interest Rate Decision	Dec	0.25%	0.25%	
	1:00			FOMC Press Conference				

Data Source: Investing.com

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