

# Currency Update

December 11, 2020

## RECAP - DOMESTIC

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.	OI	% Chng.	Vol	% Chng.
USDINR	29-Dec-20	73.72	73.81	73.91	73.75	73.81	0.09	0.13%	3481688	-0.46%	1429097	6.84%
EURINR		89.34	89.29	89.36	89.16	89.24	-0.10	-0.11%	202492	-2.83%	138285	-21.56%
GBPINR		99.16	98.77	98.77	98.14	98.19	-0.97	-0.98%	135727	-14.37%	416403	9.32%
JPYINR		70.81	70.70	70.75	70.61	70.65	-0.16	-0.23%	29932	7.36%	37442	25.37%

Data Source: NSE

The Indian Rupee depreciated for the second day against the Dollar as regional risk appetite waned amid lack of progress on a fiscal stimulus bill in the United States.

Dollar purchases likely for defence-related purposes and dollar outflows may have also weighed on the local unit this Thursday.

The Rupee ended at 73.66 to the dollar compared with 73.56 in the previous session.

U.S. Dollar Index was trading marginally lower, while most of the Asian currencies were marginally weak and also weighed on sentiments.

The one-year forward premium was at 3.17 rupees against 3.23 rupees in the previous session.

The benchmark BSE Sensex and the broader NSE index fell 0.31% and 0.38%, respectively on Thursday.

The benchmark 5.77% bond maturing in 2030 ended at 98.93 rupees, yielding 5.92%, against 98.92 rupees, yielding 5.92% on Wednesday.

## FPI ACTIVITY

FPI bought net \$579.75 million as on 09 December 2020.

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

For the month of December, FPI were net buyers of a total of \$3.224 billion.

Since the month of March 2020 FPI were net buyers of a total of \$8.114 billion.

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Daily Trends in FPI Investments as on 09-Dec-2020				
Reporting Date	Debt/Equity	Investment Route	Net Investment (Rs Crore)	Net Investment US(\$) million
10-Dec-20	Equity	Stock Exchange	3651.12	496.16
		Primary market & others	2.01	0.27
		Sub-total	3653.13	496.43
	Debt	Stock Exchange	204.63	27.81
		Primary market & others	-126.82	-17.23
		Sub-total	77.81	10.58
	Debt-VRR	Stock Exchange	-3.34	-0.45
		Primary market & others	547.34	74.38
		Sub-total	544.00	73.93
	Hybrid	Stock Exchange	-8.74	-1.19
		Primary market & others	0.00	0.00
		Sub-total	-8.74	-1.19
Total			4266.20	579.75

Data Source: NSDL

## RECAP – INTERNATIONAL

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.
US Dollar Index		90.96	91.06	91.15	90.67	90.82	-0.14	-0.15%
EURUSD	Spot	1.2101	1.2083	1.2160	1.2075	1.2136	0.0035	0.29%
GBPUSD		1.3353	1.3403	1.3414	1.3246	1.3293	-0.0060	-0.45%
USDJPY		104.15	104.24	104.59	104.17	104.20	0.05	0.05%

Data Source: Investing.com

The Dollar fell on Thursday as the Euro rebounded against the greenback after the ECB meeting.

The greenback also weakened after data showed the number of Americans filing first-time claims for unemployment benefits increased more than expected last week as mounting COVID-19 infections caused more business restrictions.

The Euro surged against the U.S. Dollar on Thursday as ECB disappointed some investors looking for a larger stimulus boost.

The ECB increased the overall size of its Pandemic Emergency Purchase Programme by 500 billion euros to 1.85 trillion euros and extended the scheme by 9 months to March 2022, with the aim of keeping government and corporate borrowing costs at record lows.

Many were expecting a 12 month or beyond programme announcement from the central bank.

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The Sterling slipped as market participants became more cautious about the risk of a no-deal Brexit.

British Prime Minister Boris Johnson said on Thursday there was "a strong possibility" Britain and the EU would fail to strike a trade deal, but vowed to do whatever he could to avoid a tumultuous split in three weeks.

Bank of England Governor Andrew Bailey has said a no-deal Brexit would cause more lasting damage to Britain's economy than the COVID-19 pandemic.

The Japanese Yen ended firm against the U.S. Dollar on Thursday on broad dollar weakness.

## OUTLOOK – DOMESTIC & INTERNATIONAL CURRENCY

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

Weakness of the U.S. Dollar, optimism surrounding vaccine development, dollar inflows into local equities and strong Asian currencies could keep depreciation bias limited.

On the other hand, Brexit deal impasse and RBI's presence in the market could keep appreciation bias limited.

The Rupee could likely open around 73.65-73.66 per dollar compared with 73.66 at close on Thursday. The Rupee's trend for the day is range bound.

Meanwhile, NDF is at 73.69/70 this Friday morning vs a close of 73.6810 on Thursday.

Technically, the USDINR Spot pair was unable to cross above 50-Daily Moving Average at 73.85 levels and below will continue to trade downside support at 73.50-73.35 levels. Resistance is at 73.98-74.10 levels. The USDINR Spot pair is expected to trade in a range of 73.50-73.80 levels.

### Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
USDINR		73.81	73.58	73.66	73.74	73.82	73.90	73.98	74.06
EURINR	29-Dec-20	89.24	88.95	89.06	89.15	89.25	89.35	89.45	89.54
GBPINR		98.19	97.34	97.74	97.97	98.37	98.59	98.99	99.22
JPYINR		70.65	70.45	70.53	70.59	70.67	70.73	70.81	70.86

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	-0.10%	-1.18%	3.17%	4.08%	14.42%
EUR/INR Futures Continuous		Bullish	Bullish	Bullish	-0.75%	1.09%	11.03%	12.95%	17.29%
GBP/INR Futures Continuous		Sideways	Bullish	Bullish	-1.21%	-0.25%	4.16%	5.17%	14.02%
JPY/INR Futures Continuous		Bearish	Bullish	Bullish	-0.55%	-0.40%	7.11%	8.08%	24.10%

Data Source: Investing.com

US Dollar Index was trading weaker this Friday morning in Asian trade.

The Euro was higher against the U.S. Dollar this Friday morning in Asian trade.

The Sterling was flat against the U.S. Dollar this Friday morning in Asian trade as impasse continues over the Brexit deal.

The Japanese Yen was stronger against the U.S. Dollar this Friday morning.

## Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
DXY	SPOT	90.82	90.13	90.40	90.61	90.88	91.09	91.36	91.57
EURO		1.2136	1.2002	1.2039	1.2087	1.2124	1.2172	1.2209	1.2257
Sterling		1.3293	1.3053	1.3150	1.3221	1.3318	1.3389	1.3486	1.3557
Yen		104.20	103.63	103.90	104.05	104.32	104.47	104.74	104.89

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	0.07%	-2.37%	-5.84%	-6.82%	-3.55%
EUR/USD		Bullish	Bullish	Bullish	0.26%	2.94%	8.37%	9.17%	3.48%
GBP/USD		Bearish	Bullish	Bullish	-0.97%	1.47%	0.36%	1.10%	-0.08%
USD/JPY		Bearish	Bearish	Bearish	-0.15%	-1.08%	-4.27%	-4.88%	-8.43%

Data Source: Investing.com

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## ECONOMIC CALENDAR

Date	Time (IST)	Country	Relevance	Indicator Name	Period	Reuters Poll	Prior	
11 Dec 2020	12:30	Germany	High	HICP Final YY	Nov	-0.7%	-0.7%	
	14:00	Britain		BoE Gov Bailey Speaks				
	15:30	Eurozone		EU Leaders Summit				
	17:30	India		Industrial Output YY	Oct	1.1%	0.2%	
	19:00	United States		PPI MM	Nov	0.20%	0.30%	
	20:30			U Mich Sentiment Prelim	Dec	76.5	76.9	

Data Source: Investing.com

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