

# Currency Update

December 21, 2020

## RECAP - DOMESTIC

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.	OI	% Chng.	Vol	% Chng.
USDINR	29-Dec-20	73.66	73.64	73.69	73.56	73.61	-0.05	-0.06%	4886671	7.87%	1754174	-35.96%
EURINR		90.08	90.09	90.20	90.03	90.14	0.06	0.07%	204117	-0.59%	175011	1.18%
GBPINR		100.21	99.70	99.77	99.25	99.53	-0.68	-0.68%	146284	-15.43%	484565	26.57%
JPYINR		71.45	71.25	71.25	71.03	71.20	-0.26	-0.36%	27657	-11.26%	52286	-2.31%

Data Source: NSE

The Indian Rupee ended on a very flat note this Friday against the U.S. currency.

Most of the Asian currencies were weak against the U.S. Dollar this Friday and capped gains.

However, for the week the Rupee appreciated against the U.S. Dollar supported by a weak dollar and persistent inflows into local equities.

The Rupee ended at 73.56 to the dollar on Friday compared with 73.60 in the previous session. For the week the local unit appreciated by 0.1%.

The one-year forward premium was at 3.24 rupees against 3.23 rupees in the previous session.

The benchmark BSE Sensex and the broader NSE index ended 0.15% and 0.14% higher, respectively on Friday.

The benchmark 5.77% bond maturing in 2030 ended at 98.62 rupees, yielding 5.96%, against 98.67 rupees, yielding 5.95%, at the previous close.

India's foreign exchange reserves fell to \$578.57 billion for the week ended Dec. 11, from a record high of \$579.35 billion in the previous week, the Reserve Bank of India said.

The fall was mainly due to a decrease in foreign currency assets that stood at \$536.34 billion, from \$537.39 billion in the prior week.

## FPI ACTIVITY

FPI bought net \$676.99 million as on 17 December 2020. The data presented in the table constitutes trades conducted by FPIs/FIIIs upto the previous trading day.

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For the month of December, FPI were net buyers of a total of \$6.331 billion. From the month of March 2020 FPI were net buyers of a total of \$11.221 billion.

Daily Trends in FPI Investments as on 17-Dec-2020				
Reporting Date	Debt/Equity	Investment Route	Net Investment (Rs Crore)	Net Investment US(\$) million
18-Dec-20	Equity	Stock Exchange	2636.50	359.03
		Primary market & others	-3.14	-0.43
		Sub-total	2633.36	358.60
	Debt	Stock Exchange	404.76	55.12
		Primary market & others	-70.45	-9.59
		Sub-total	334.31	45.53
	Debt-VRR	Stock Exchange	-93.87	-12.78
		Primary market & others	2100.00	285.97
		Sub-total	2006.13	273.19
	Hybrid	Stock Exchange	-2.46	-0.33
		Primary market & others	0.00	0.00
		Sub-total	-2.46	-0.33
		Total	4971.34	676.99

Data Source: NSDL

## RECAP – INTERNATIONAL

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.
US Dollar Index		89.82	89.83	90.13	89.83	90.02	0.20	0.22%
EURUSD		1.2266	1.2268	1.2273	1.2225	1.2255	-0.0011	-0.09%
GBPUUSD	Spot	1.3582	1.3586	1.3592	1.3471	1.3520	-0.0062	-0.46%
USDJPY		103.10	103.13	103.60	103.10	103.31	0.21	0.20%

Data Source: Investing.com

The Dollar rebounded on Friday amid covering of shorts and safe haven appeal Brexit trade negotiations deflated investor confidence.

Stimulus talks dragged on till Sunday but news sources revealed that congressional leaders now have agreement on roughly \$900 billion of spending to help the U.S. economy weather the coronavirus pandemic. The bill will be likely voted upon on Monday.

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

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## OUTLOOK – DOMESTIC & INTERNATIONAL CURRENCY

The Indian Rupee could start this Monday on a marginally weak note against the U.S. Dollar rebounded amid safe haven appeal for the currency amid fresh lockdowns in places like U.K to control the spread of the virus.

Asian currencies were weak this Monday morning and weigh on sentiments as well.

However, Congress has agreed to a \$900 billion stimulus deal after months of failed negotiations, which will provide much needed financial lifelines to Americans struggling with the economic fallout from the Covid pandemic. Voting will be taking place this Monday.

So, the Rupee could likely open around 73.62-73.65 per dollar compared with 73.56 at close on Friday. The Rupee's trend for the day is marginally weak.

Meanwhile, NDF is at 73.5160 this Monday morning vs a close of 73.56 on Friday.

Technically, the USDINR Spot pair traded in a very narrow range amid weekly expiry. It holds a support near 73.40 below and a break could see a downside pressure up to 73.15-72.90 levels.

On the upside immediate resistance remains at 73.70 level could further see upside rally upto 73.95-74.10 levels. The USDINR Spot pair is expected to trade in a range of 73.40-73.75 levels.

### Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
USDINR		73.61	73.43	73.50	73.56	73.62	73.68	73.74	73.80
EURINR		90.14	89.88	89.95	90.05	90.12	90.22	90.29	90.39
GBPINR		99.53	98.74	99.00	99.26	99.52	99.78	100.04	100.30
JPYINR		71.20	70.85	70.94	71.07	71.16	71.29	71.38	71.51

Data Source: NSE

### Trend

Currency	Exchange	Daily	Weekly	Monthly	1 Week	1 Month	YTD	1 Year	3 Years
USD/INR Futures Continuous		Bearish	Bearish	Bullish	-0.06%	-0.77%	2.89%	3.43%	14.91%
EUR/INR Futures Continuous		Bullish	Bullish	Bullish	0.71%	2.49%	12.17%	14.05%	18.67%
GBP/INR Futures Continuous	NSE	Bullish	Bullish	Bullish	0.68%	1.16%	5.56%	7.19%	16.12%
JPY/INR Futures Continuous		Bullish	Bullish	Bullish	0.30%	-0.29%	7.96%	9.34%	25.88%

Data Source: Investing.com

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US Dollar Index climbed against major peers on Monday morning in Asian trade supported by safe haven appeal as many countries tightened COVID-19 lockdowns.

Britain imposed tough new restrictions to stem a fast-spreading new coronavirus strain.

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

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

## Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
DXY		90.02	89.56	89.69	89.86	89.99	90.16	90.29	90.46
EURO	SPOT	1.2255	1.2181	1.2203	1.2229	1.2251	1.2277	1.2299	1.2325
Sterling		1.3520	1.3342	1.3407	1.3463	1.3528	1.3584	1.3649	1.3705
Yen		103.31	102.57	102.84	103.07	103.34	103.57	103.84	104.07

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	-0.32%	-2.13%	-6.19%	-7.44%	-3.14%
EUR/USD	Spot	Bullish	Bullish	Bullish	0.38%	2.83%	8.71%	10.02%	2.78%
GBP/USD		Sideways	Bullish	Bullish	0.16%	0.46%	0.63%	2.62%	-0.14%
USD/JPY		Bearish	Bearish	Bearish	-0.62%	-0.45%	-4.82%	-5.54%	-8.73%

Data Source: Investing.com

## ECONOMIC CALENDAR

Date	Time (IST)	Country	Relevance	Indicator Name	Period	Reuters Poll	Prior
21 Dec 2020	20:30	Euro Zone	High	Consumer Confidence Flash	Dec	-16.8	-17.6

Data Source: Investing.com

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