

Currency Update

December 14, 2020

RECAP - DOMESTIC

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.	OI	% Chng.	Vol	% Chng.
USDINR	29-Dec-20	73.81	73.81	73.89	73.67	73.86	0.05	0.06%	3545342	1.83%	1760222	23.17%
EURINR		89.24	89.64	89.70	89.35	89.47	0.23	0.26%	206479	1.97%	217770	57.48%
GBPINR		98.19	98.28	98.32	97.34	97.43	-0.77	-0.78%	130594	-3.78%	465482	11.79%
JPYINR		70.65	70.85	70.98	70.81	70.95	0.30	0.42%	26670	-10.90%	38097	1.75%

Data Source: NSE

The Indian Rupee ended flat this Friday as persistent dollar purchases from RBI offset gains from foreign equity inflows into the domestic markets.

The Rupee ended at 73.65 to the dollar compared with 73.66 in the previous session. For the week the local unit appreciated by 0.2%.

Optimism surrounding the roll-out of vaccine and hopes of additional U.S stimulus aid has also helped the local unit.

The dollar index was trading with small gains this Friday afternoon and kept appreciation bias limited.

The one-year forward premium was at 3.16 rupees against 3.17 rupees in the previous session.

Industrial output in October rose 3.6% from an upwardly revised 0.5% expansion in the previous month, government data showed. The print sharply beat a median estimate of 1.1% annual expansion.

Manufacturing output rebounded to 3.5% in October from a 0.6% contraction in the previous month.

Meanwhile, India's foreign exchange reserves rose to a record high of \$579.35 billion for the week ended Dec. 4, from \$574.82 billion in the previous week, the Reserve Bank of India said.

The gain was mainly due to a rise in foreign currency assets that stood at \$537.39 billion, from \$533.46 billion in the prior week.

The benchmark BSE Sensex and the broader NSE index ended 0.30% and 0.26% higher, respectively on Friday.

The benchmark 5.77% bond maturing in 2030 ended at 98.64 rupees, yielding 5.96%, against 98.93 rupees, yielding 5.92% on Thursday.

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FPI ACTIVITY

FPI bought net \$518.36 million as on 10 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 \$3.742 billion.

Since the month of March 2020 FPI were net buyers of a total of \$8.633 billion.

Daily Trends in FPI Investments as on 10-Dec-2020				
Reporting Date	Debt/Equity	Investment Route	Net Investment (Rs Crore)	Net Investment US(\$) million
11-Dec-20	Equity	Stock Exchange	2739.92	371.93
		Primary market & others	773.20	104.96
		Sub-total	3513.12	476.89
	Debt	Stock Exchange	688.41	93.45
		Primary market & others	-382.80	-51.96
		Sub-total	305.61	41.49
	Debt-VRR	Stock Exchange	0.50	0.07
		Primary market & others	0.00	0.00
		Sub-total	0.50	0.07
	Hybrid	Stock Exchange	-0.63	-0.09
		Primary market & others	0.00	0.00
		Sub-total	-0.63	-0.09
	Total		3818.60	518.36

Data Source: NSDL

RECAP – INTERNATIONAL

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.
US Dollar Index	Spot	90.82	90.98	90.98	90.74	90.78	-0.04	-0.04%
EURUSD		1.2136	1.2135	1.2145	1.2133	1.2134	-0.0002	-0.02%
GBPUSD		1.3293	1.3368	1.3378	1.3316	1.3317	0.0024	0.18%
USDJPY		104.20	104.08	104.11	103.86	103.96	-0.24	-0.23%

Data Source: Investing.com

The Dollar Index ended marginally in the red on Friday, however, downside was capped on safe haven appeal as risk appetite waned due to concerns over delayed U.S. fiscal stimulus amid a surge in COVID-19 cases and the increasing likelihood that Britain will exit the European Union without a deal.

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

The Sterling dropped lower on Friday as markets increasingly priced the risk of Britain breaking away from the European Union at the end of the month without a trade agreement.

Prime Minister Boris Johnson said that Britain was likely to complete its exit from the EU without a trade deal.

The Japanese Yen appreciated against the U.S. Dollar on Friday on safe haven appeal.

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 roll-out, dollar inflows into local equities could keep depreciation bias limited. On the other hand, RBI's presence in the market could keep appreciation bias limited.

Markets will await CPI and WPI inflation data today.

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

Meanwhile, NDF is at 73.73 this Monday morning vs a close of 73.7405 on Friday.

Technically, the USDINR Spot pair is holding a strong support near 73.50 levels from where a bounced back activity can be expected up to 73.83-73.95 levels. Below 73.50 could see a Bearish momentum up to 73.15-72.90 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	29-Dec-20	73.86	73.50	73.59	73.72	73.80	73.94	74.02	74.16
EURINR		89.47	88.97	89.16	89.32	89.51	89.66	89.85	90.01
GBPINR		97.43	96.09	96.72	97.07	97.70	98.05	98.68	99.03
JPYINR		70.95	70.68	70.74	70.85	70.91	71.02	71.08	71.19

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	-0.24%	-1.01%	3.27%	4.17%	15.19%
EUR/INR Futures Continuous		Bullish	Bullish	Bullish	-0.21%	1.35%	11.35%	12.76%	17.99%
GBP/INR Futures Continuous		Bearish	Bullish	Bullish	-0.75%	-0.92%	3.38%	2.72%	13.22%
JPY/INR Futures Continuous		Sideways	Bullish	Bullish	-0.13%	-0.20%	7.61%	9.56%	23.97%

Data Source: Investing.com

US Dollar Index was trading weaker this Monday morning in Asian trade ahead of the Federal Reserve meeting this week.

The Euro was higher against the U.S. Dollar this Monday morning in Asian trade on broad Greenback weakness.

The Sterling pound rose against the dollar and the euro in relief after Britain and the European Union agreed to continue talks on post-Brexit trade beyond Sunday's deadline.

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

Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
DX	SPOT	90.78	90.45	90.59	90.69	90.83	90.93	91.07	91.17
EURO		1.2134	1.2118	1.2125	1.2130	1.2137	1.2142	1.2149	1.2154
Sterling		1.3317	1.3234	1.3275	1.3296	1.3337	1.3358	1.3399	1.3420
Yen		103.96	103.59	103.73	103.84	103.98	104.09	104.23	104.34

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	0.10%	-2.02%	-5.72%	-6.47%	-3.25%
EUR/USD		Bullish	Bullish	Bullish	0.12%	2.45%	8.12%	9.00%	3.13%
GBP/USD		Sideways	Bullish	Bullish	-0.52%	0.92%	0.36%	-0.14%	-0.11%
USD/JPY		Bearish	Bearish	Bearish	-0.06%	-0.59%	-4.25%	-4.92%	-7.62%

Data Source: Investing.com

ECONOMIC CALENDAR

Date	Time (IST)	Country	Relevance	Indicator Name	Period	Reuters Poll	Prior
14 Dec 2020	12:00	India	High	WPI Inflation YY	Nov	1.62%	1.48%
	17:30			CPI Inflation YY		7.10%	7.61%

Data Source: Investing.com

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