

# Currency Update

December 07, 2020

## RECAP - DOMESTIC

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.	OI	% Chng.	Vol	% Chng.
USDINR	29-Dec-20	74.10	74.02	74.04	73.86	73.89	-0.21	-0.29%	3361543	0.32%	1944368	-33.08%
EURINR		89.75	89.83	89.91	89.63	89.88	0.13	0.14%	249126	3.33%	171298	-32.75%
GBPINR		99.37	99.05	99.62	99.05	99.43	0.06	0.06%	151035	-7.55%	400789	33.74%
JPYINR		71.02	71.17	71.25	71.00	71.03	0.01	0.01%	25897	-0.81%	44859	-33.62%

Data Source: NSE

The Indian Rupee appreciated against the U.S. Dollar supported by the weakness of the U.S. currency.

The Rupee ended at 73.80 to the dollar compared with 73.90 in the previous session.

The Rupee, in early trades, had appreciated to an intraday high of 73.75 on the back of a weak dollar and possibly foreign fund inflows into the domestic equity markets.

Additionally, a combination of optimism surrounding the Covid-19 vaccine and talks of a stimulus aid package also supported the domestic unit.

Meanwhile, RBI's monetary policy had very little impact on the currency this Friday.

The Reserve Bank of India's Monetary Policy Committee (MPC) has kept Repo Rate unchanged at 4%. The committee voted unanimously to hold rates steady.

It has maintained an "Accommodative" stance and said it will maintain the accommodative stance "for as long as necessary."

On the inflation side of things, RBI has projected the CPI inflation at 6.8% for Q3FY21 and projected CPI inflation at 5.8% for Q4FY21. For H1FY22, projected CPI inflation is seen at 5.2-4.6%.

RBI has projected the GDP for H2FY21 is positive +0.1% for Q3 against -5.6% earlier and +0.7% for Q4 against +0.5% earlier.

The Dollar Index was lower in Friday afternoon trade, while most of the Asian currencies were strong against the Greenback and lent support.

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

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India's foreign exchange reserves fell for the first time in nine weeks and stood at \$574.82 billion for the week ended Nov. 27, from a record high of \$575.29 billion in the previous week, data from Reserve Bank of India showed.

Foreign currency assets fell marginally to \$533.46 billion, from \$533.10 billion in the prior week.

The benchmark BSE Sensex and the broader NSE index ended at record highs and gained 1% and 0.95%, respectively on Friday.

The benchmark 5.77% bond maturing in 2030 ended higher at 99.06 rupees, yielding 5.90%, against 98.81 rupees, yielding 5.93%, at previous close.

## FPI ACTIVITY

FPI bought net \$874.73 million as on 03 December 2020.

For the month of December, FPI were net buyers of a total of \$1.287 billion.

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

Daily Trends in FPI Investments as on 03-Dec-2020				
Reporting Date	Debt/Equity	Investment Route	Net Investment (Rs Crore)	Net Investment US(\$) million
04-Dec-20	Equity	Stock Exchange	3692.13	499.65
		Primary market & others	-6.40	-0.87
		Sub-total	3685.73	498.78
	Debt	Stock Exchange	2807.27	379.91
		Primary market & others	-28.25	-3.82
		Sub-total	2779.02	376.09
	Debt-VRR	Stock Exchange	76.80	10.39
		Primary market & others	-81.00	-10.96
		Sub-total	-4.20	-0.57
	Hybrid	Stock Exchange	3.20	0.43
		Primary market & others	0.00	0.00
		Sub-total	3.20	0.43
		Total	6463.75	874.73

Data Source: NSDL

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## RECAP – INTERNATIONAL

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.
US Dollar Index		90.71	90.71	90.87	90.48	90.70	-0.01	-0.01%
EURUSD		1.2145	1.2142	1.2178	1.2110	1.2120	-0.0025	-0.21%
GBPUSD	Spot	1.3451	1.3447	1.3541	1.3411	1.3437	-0.0014	-0.10%
USDJPY		103.83	103.85	104.25	103.74	104.14	0.31	0.30%

Data Source: Investing.com

The Dollar recovered from the lows of the session on Friday after investors shrugged off a weaker-than-expected U.S. employment report.

In late trading, the dollar index rose 0.1% to \$90.725 ahead of the weekend, climbing from its lowest level since April 2018. On the week, the index was down 1.3%, its largest weekly loss since early November.

Data showed that U.S. non-farm payrolls increased by 245,000 jobs last month after rising by 610,000 in October. That was the smallest gain since the jobs recovery started in May.

The Euro and the Sterling ended lower against the U.S. Dollar on Friday amid a recovery of the greenback and as European Union and British negotiators paused talks for a post-Brexit trade deal.

The Japanese Yen ended weak against the U.S. Dollar on Friday amid a rebound of the greenback.

## OUTLOOK – DOMESTIC & INTERNATIONAL CURRENCY

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

The Rupee could likely open around 73.78-73.80 per dollar compared with 73.80 at close on Friday.

Meanwhile, NDF is at 73.75 this Monday morning vs a close of 73.76 on Friday.

Technically, the USDINR Spot pair has given a gap down where it traded below 50-Daily Moving Average at 73.85 levels and below will continue to trade downside support at 73.60-73.35 levels.

However above 73.85 will resume upside momentum up to 74.02-74.15 levels.

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The USDINR Spot pair is expected to trade in a range of 73.55-74.02 levels.

## Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
USDINR		73.89	73.64	73.75	73.82	73.93	73.99	74.10	74.17
EURINR		89.88	89.41	89.52	89.70	89.80	89.98	90.09	90.27
GBPINR	29-Dec-20	99.43	98.54	98.80	99.11	99.37	99.68	99.94	100.25
JPYINR		71.03	70.68	70.84	70.93	71.09	71.19	71.34	71.44

Data Source: NSE

## Trend

Currency	Exchange	Daily	Weekly	Monthly	1 Week	1 Month	YTD	1 Year	3 Years
USD/INR Futures Continuous		Bearish	Sideways	Bullish	-0.44%	-0.50%	3.28%	3.53%	14.22%
EUR/INR Futures Continuous		Bullish	Bullish	Bullish	1.58%	1.99%	11.89%	13.41%	17.84%
GBP/INR Futures Continuous		Bullish	Bullish	Bullish	0.45%	1.80%	5.37%	5.98%	14.64%
JPY/INR Futures Continuous		Sideways	Bullish	Bullish	-0.34%	-1.24%	7.69%	7.90%	23.64%

Data Source: Investing.com

US Dollar Index was flat this Monday morning in Asian trade.

The Euro was trading flat to higher against the U.S. Dollar this Monday morning in Asian trade.

The Sterling was trading flat against the U.S. Dollar this Monday morning in Asian trade.

Investors will also be looking to cues from outcome of Brexit trade deal negotiations.

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

## Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
DXY		90.70	90.11	90.29	90.50	90.68	90.89	91.07	91.28
EURO	SPOT	1.2120	1.2026	1.2068	1.2094	1.2136	1.2162	1.2204	1.2230
Sterling		1.3437	1.3255	1.3333	1.3385	1.3463	1.3515	1.3593	1.3645
Yen		104.14	103.33	103.53	103.84	104.04	104.35	104.55	104.86

Data Source: Investing.com

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## Trend

Currency	Exchange	Daily	Weekly	Monthly	1 Week	1 Month	YTD	1 Year	3 Years
US Dollar Index	Spot	Bearish	Bearish	Bearish	-1.07%	-1.54%	-5.79%	-7.05%	-3.19%
EUR/USD		Bullish	Bullish	Bullish	1.33%	2.10%	8.11%	9.60%	2.96%
GBP/USD		Bullish	Bullish	Bullish	0.99%	2.20%	1.41%	2.37%	-0.21%
USD/JPY		Bearish	Bearish	Bearish	0.09%	0.83%	-4.08%	-4.07%	-7.86%

Data Source: Investing.com

## ECONOMIC CALENDAR

Date	Time (IST)	Country	Relevance	Indicator Name	Period	Reuters Poll	Prior
7 Dec 2020	08:30	China	High	Exports YY	Nov	12.0%	11.4%
	08:30		High	Imports YY	Nov	6.1%	4.7%
	08:30		High	Trade Balance USD	Nov	53.50B	58.44B
	12:30	Germany	High	Industrial Output MM	Oct	1.6%	1.6%
	14:00	United Kingdom	High	Halifax House Prices MM	Nov		0.3%

Data Source: Investing.com

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