

Currency Update

January 08, 2021

RECAP - DOMESTIC

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.	OI	% Chng.	Vol	% Chng.
USDINR	27-Jan-21	73.24	73.25	73.56	73.23	73.55	0.31	0.42%	2745190	-1.67%	1773301	19.82%
EURINR		90.33	90.36	90.36	89.99	90.10	-0.23	-0.25%	244403	-6.03%	204123	-8.27%
GBPINR		99.98	99.62	99.91	99.45	99.79	-0.20	-0.20%	155725	-12.90%	492551	24.12%
JPYINR		71.18	71.05	71.05	70.86	70.93	-0.25	-0.35%	33516	-5.20%	67318	80.99%

Data Source: NSE

The Indian Rupee depreciated against the U.S Dollar on Thursday weighed down by rumoured dollar purchases by the Indian Central bank to counter the impact of equity and fund flows.

The Rupee ended at 73.33 compared with 73.10 in the previous session. The rupee fell 0.3% today, and logged its worst day since November 12.

Reuters reported that foreign banks were receiving heavily in the forwards market, sending the one-year forward premium lower to 3.28 rupees against 3.32 rupees yesterday.

Meanwhile, risk appetite has improved amid the likelihood of more U.S. fiscal stimulus after a victory for both the Democratic Party candidates in runoff elections in the Georgia state.

The Dollar index was at firm, while Brent crude oil ended with gains this Thursday and also weighed on sentiments.

India's economy is estimated to contract 7.7% in the current fiscal year to Mar. 31, wrecked by the Covid-19 pandemic that eroded private consumption and deflated investor sentiment. The economy is likely to experience its deepest contraction and shrink from a 4.2% annual expansion in the previous financial year.

The benchmark BSE Sensex and the broader NSE index fell for the second straight day and ended 0.17% and 0.06% lower, respectively.

The benchmark 5.77% bond maturing in 2030 ended at 99.10 rupees, yielding 5.89%, against 99.08 rupees and 5.90% yield at the previous close.

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FPI ACTIVITY

FPI sold net \$87,91 million as on 06 January 2021. For the month of January, FPI were net buyers of a total of \$631.97 million. The data presented in the table constitutes trades conducted by FPIs/FIIs upto the previous trading day.

Daily Trends in FPI Investments as on 06-Jan-2021				
Reporting Date	Debt/Equity	Investment Route	Net Investment (Rs Crore)	Net Investment US(\$ million)
07-Jan-21	Equity	Stock Exchange	-337.31	-46.12
		Primary market & others	-7.97	-1.09
		Sub-total	-345.28	-47.21
	Debt	Stock Exchange	-48.68	-6.66
		Primary market & others	-17.04	-2.33
		Sub-total	-65.72	-8.99
	Debt-VRR	Stock Exchange	-100.88	-13.79
		Primary market & others	-123.94	-16.95
		Sub-total	-224.82	-30.74
	Hybrid	Stock Exchange	-7.08	-0.97
		Primary market & others	-	-
		Sub-total	-7.08	-0.97
	Total		-642.90	-87.91

Data Source: NSDL

RECAP – INTERNATIONAL

Currency	Expiry	Previous	Open	High	Low	Close	Net Chng.	% Chng.
US Dollar Index	Spot	89.53	89.32	89.97	89.32	89.83	0.30	0.34%
EURUSD		1.2325	1.2327	1.2346	1.2244	1.2270	-0.0055	-0.45%
GBPUSD		1.3607	1.3608	1.3634	1.3532	1.3563	-0.0044	-0.32%
USDJPY		103.04	103.04	103.96	102.95	103.80	0.76	0.74%

Data Source: Investing.com

The U.S. Dollar recovered from 2018 lows on Thursday to its highest in a week as investors looked at the potential for an economic rebound in upcoming quarters.

The Dollar also took support after the Chinese Yuan remained weak after Chinese authorities signalled a desire for a slower pace of gains.

China's foreign exchange regulator said it will avoid disorderly fluctuations in the currency market, after sharp gains in the yuan at the start of the year.

The Euro and the Sterling ended lower against the U.S. Dollar on Thursday amid profit booking.

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The Japanese Yen weakened against the U.S. Dollar on Thursday.

The currency market had little impact when President Donald Trump's supporters stormed the U.S. Capitol after he urged them to protest Congress's certification of his election loss.

OUTLOOK – DOMESTIC & INTERNATIONAL CURRENCY

The Indian Rupee could start this Friday on a flat to weaker note against the Greenback as Dollar downtrend takes breather amid higher yields as jobs report looms.

FPI outflows from the domestic equity markets and weak Asian currencies could continue weigh on sentiment.

The Rupee could likely open around 73.39-73.42 per dollar compared with 73.33 at close on Thursday.

Meanwhile, NDF is at 73.39 this Friday morning vs a close of 73.42 on Thursday.

Technically, the USDINR Spot pair had a positive session forming a Bullish Candlestick where it bounced back from 73.00 levels indicating a bullish momentum up to 73.50 levels. Support is at 73.10-72.98 levels.

The USDINR Spot pair could trade in a range of 73.10-73.50 levels in the coming session.

Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
USDINR	27-Jan-21	73.55	73.00	73.12	73.33	73.45	73.66	73.78	73.99
EURINR		90.10	89.58	89.78	89.94	90.15	90.31	90.52	90.68
GBPINR		99.79	99.05	99.25	99.52	99.71	99.98	100.18	100.45
JPYINR		70.93	70.65	70.75	70.84	70.95	71.04	71.14	71.23

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	Neutral	0.33%	-0.26%	0.35%	3.07%	15.16%
EUR/INR Futures Continuous		Bullish	Bullish	Bullish	0.43%	0.86%	0.18%	13.56%	18.21%
GBP/INR Futures Continuous		Bullish	Bullish	Bullish	-0.08%	0.59%	-0.20%	7.13%	15.42%
JPY/INR Futures Continuous		Bearish	Bullish	Bullish	-0.14%	0.17%	-0.16%	8.69%	25.19%

Data Source: Investing.com

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US Dollar Index has started flat to marginally higher this Friday morning in Asian trade as a rise in U.S. yields triggered some unwinding of bearish bets on the currency.

Investors will look ahead to the monthly labour market data tonight for further cues on whether significantly more stimulus will be needed to keep the economic recovery alive.

The Euro and the Sterling were flat to marginally weaker against the U.S. Dollar this Friday morning in Asian trade.

The Japanese Yen was flat to marginally weak against the against the U.S. Dollar this Friday morning.

Pivot Points

Currency	Expiry	Close	S3	S2	S1	Pivot	R1	R2	R3
DX	SPOT	89.83	88.79	89.06	89.44	89.71	90.09	90.36	90.74
EURO		1.2270	1.2125	1.2185	1.2227	1.2287	1.2329	1.2389	1.2431
Sterling		1.3563	1.3417	1.3474	1.3519	1.3576	1.3621	1.3678	1.3723
Yen		103.80	102.17	102.56	103.18	103.57	104.19	104.58	105.20

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	-0.09%	-1.35%	-0.09%	-7.79%	-2.89%
EUR/USD		Bullish	Bullish	Bullish	0.20%	1.29%	0.19%	10.18%	2.51%
GBP/USD		Bullish	Bullish	Bullish	-0.93%	1.10%	-0.94%	3.67%	0.03%
USD/JPY		Bullish	Bearish	Bearish	0.75%	-0.23%	0.74%	-5.07%	-7.71%

Data Source: Investing.com

ECONOMIC CALENDAR

Date	Time (IST)	Country	Relevance	Indicator Name	Period	Reuters Poll	Prior
8 Jan 2021	15:30	Euro Zone	High	Unemployment Rate	Nov	8.5%	8.4%
	19:00	United States		Non-Farm Payrolls	Dec	71k	245k
	19:00			Unemployment Rate		6.8%	6.7%
	19:00			Average Earnings YY		4.4%	4.4%

Source: investing.com

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