

HDFC securities Retail Research

Currency Daily

29 December 2023



Currency Movements

| Name | Current Price | Previous Close* | Change | % Change |
|--------------------|---------------|-----------------|--------|----------|
| USDINR | 83.173 | 83.350 | -0.177 | -0.21% |
| DXY Index | 101.13 | 100.74 | 0.384 | 0.38% |
| EURUSD | 1.1078 | 1.1120 | -0.004 | -0.38% |
| GBPUSD | 1.2736 | 1.2792 | -0.006 | -0.44% |
| USDJPY | 141.47 | 140.72 | 0.750 | 0.53% |
| USDCNH | 7.0903 | 7.1055 | -0.015 | -0.21% |
| US 10 Yr. Yield | 3.835 | 3.817 | 0.019 | 0.48% |
| USDINR 1M FWD | 83.240 | 83.270 | -0.030 | -0.04% |
| India 10 Yr. Yield | 7.211 | 7.207 | 0.004 | 0.06% |

Global Equity Markets

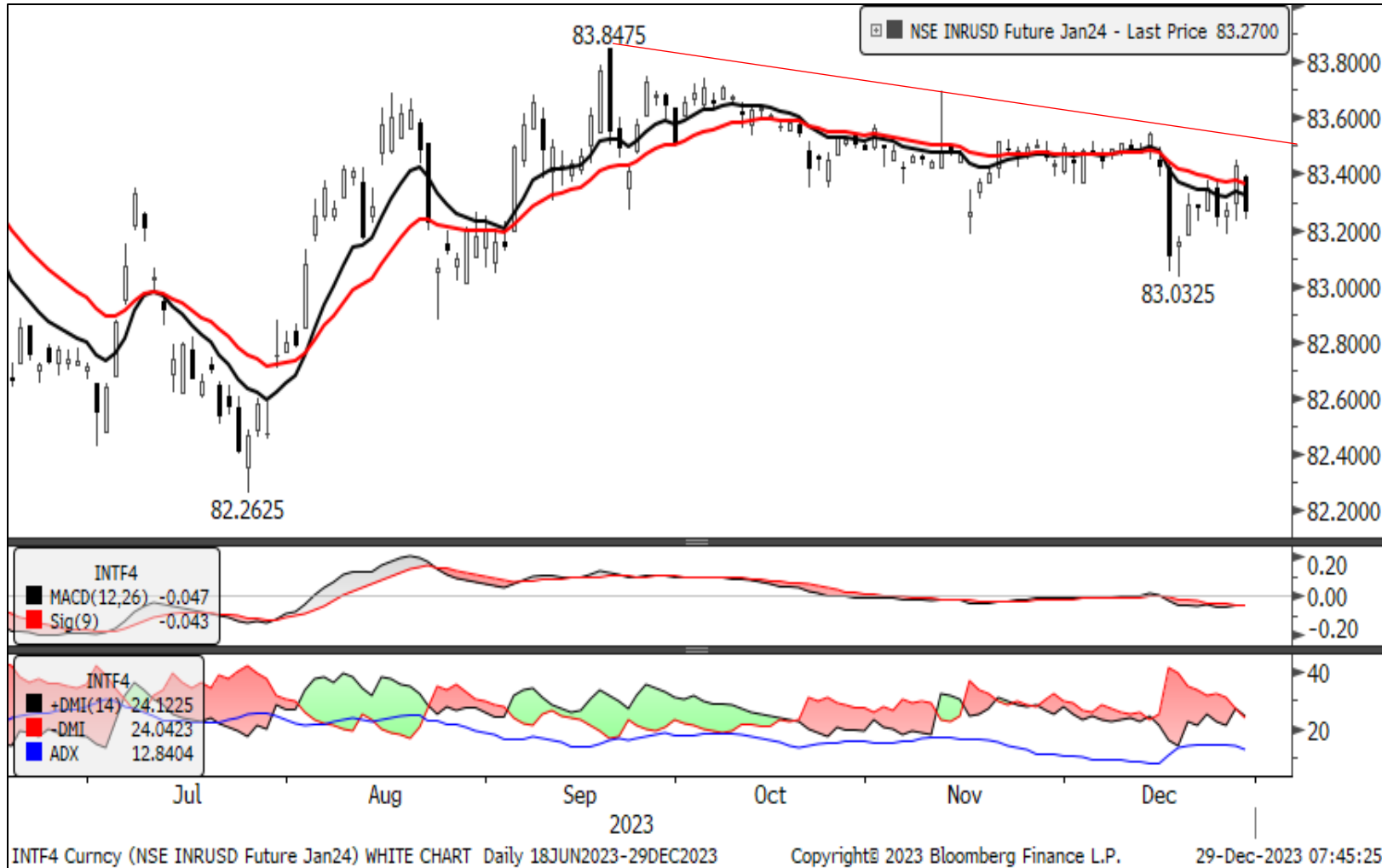
| Name | Current Price | Previous Close | Change | % Change |
|-----------|---------------|----------------|--------|----------|
| Nifty | 21779 | 21655 | 124 | 0.57% |
| Sensex | 72410 | 72038 | 372 | 0.52% |
| Hang Seng | 17011 | 17044 | -32 | -0.19% |
| Nikkie | 33471 | 33540 | -68 | -0.20% |
| Shanghai | 2965 | 2955 | 10 | 0.35% |
| S&P Index | 4783 | 4782 | 2 | 0.04% |
| Dow Jones | 37710 | 37657 | 54 | 0.14% |
| Nasdaq | 16898 | 16907 | -8 | -0.05% |
| FTSE | 7723 | 7725 | -2 | -0.03% |
| CAC | 7535 | 7572 | -37 | -0.48% |
| DAX | 16702 | 16742 | -41 | -0.24% |

* Prev. Close 5pm IST

Market Roundup

- ▶ The Indian rupee is expected to open steady but stronger Chinese currencies, lower crude oil prices and higher domestic equities backed by foreign fund inflows will pull the local unit higher to end the year with minor depreciation. Implied opening from the forward suggests the spot USDINR opening at 83.17.
- ▶ On Thursday, spot USDINR paired the previous day's gain and closed at 83.17 with a loss of 18 paise or 0.21%. The pair has been trading in a tight range between 83.10 to 83.40 and is expected to remain in the said range today.
- ▶ Asian stocks were broadly steady in the last session of the year after US equities eked out a gain and as investors bargain-hunt in China. Asian stocks are on track for their best year since 2020 as investors return to emerging markets amid signs the Federal Reserve will cut rates next year.
- ▶ The dollar is poised for its worst year since the onset of the pandemic as Wall Street bets the Federal Reserve is set to lower interest rates after safely reining in prices. However, on Thursday, it rose for the first time in a week as rising Treasury yields hoisted it from a five-month low. The yen trimmed gains after posting its biggest jump in nearly two weeks. Among speculative traders, dollar positioning has become all the more bearish since the Fed's December meeting.
- ▶ Elsewhere, oil edged higher, paring Thursday's 3.2% loss from rising inventories at the key US storage hub in Cushing, Oklahoma, which partly offset a drop in national stockpiles to paint a mixed picture for demand.
- ▶ US Jobless claims were slightly higher at 218K on the week while both retail and wholesale inventories fell in November. The November pending home sales were flat M/M vs. est. +0.9%. All of this is coherent with a labour market that is no longer as robust as it was, and an economy that is slowly running out of steam. Traders already expecting a first-rate cut in March will see little reason to change those bets based on today's data.

USDINR January Futures Daily Chart



Technical Observations:

- ▶ USDINR Jan future closed below 21 DEMA. It has been trading in a bearish sequence of lower tops and bottoms on the daily chart.
- ▶ The pair has resistance at 83.50, the downward-sloping trend line adjoining previous swing highs.
- ▶ Momentum indicator, MACD has given a positive cross over but remained below zero line.
- ▶ Long unwinding has been seen as the price and open interest declined.
- ▶ **Short Term Trend: Neutral**
- ▶ **Expected Trading Range: 83.10 to 83.40**
- ▶ **Intraday Recommendation: Sell USDINR Jan. Fut. at 83.33/83.41 SL 83.45 Target 83.12**

Currency Derivative Price Actions

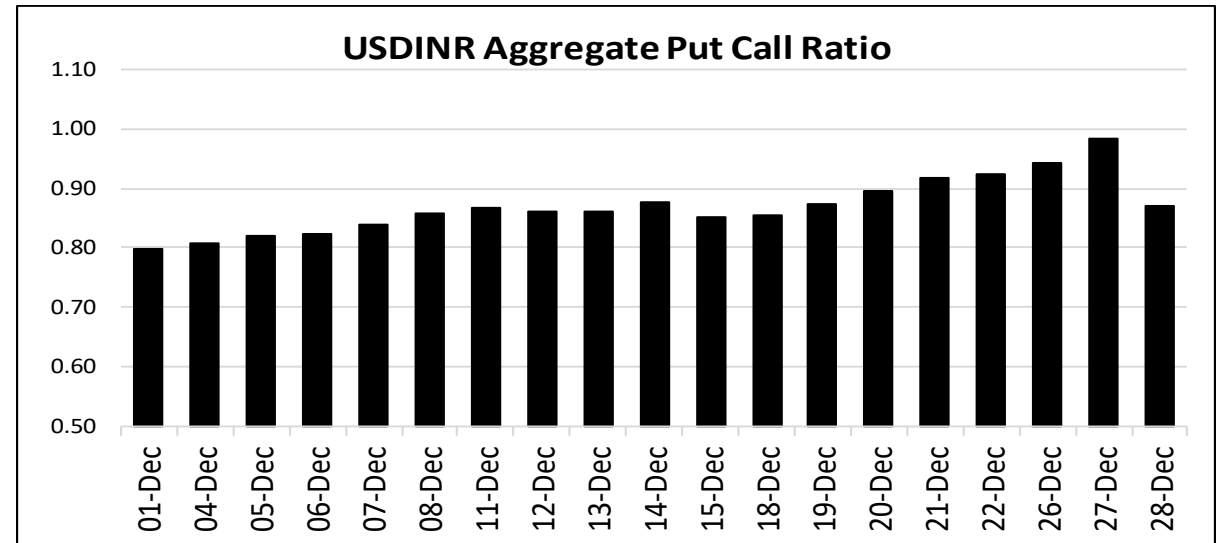
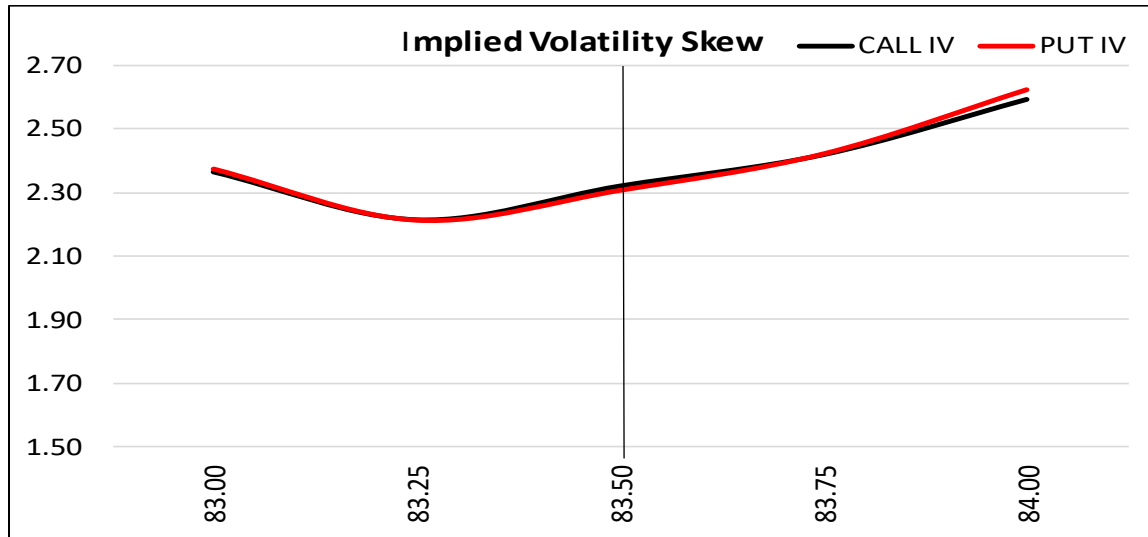
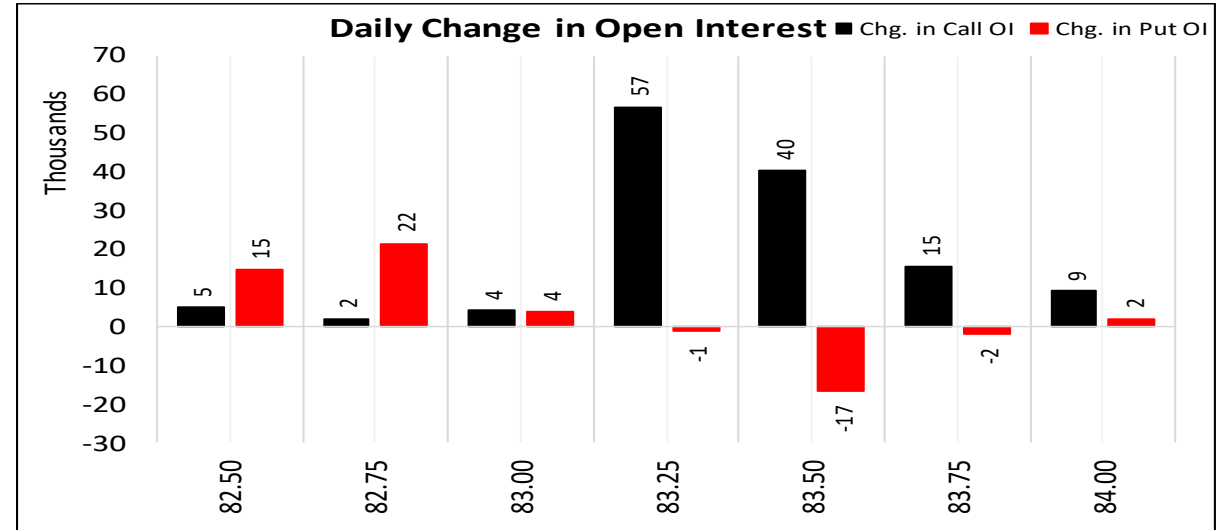
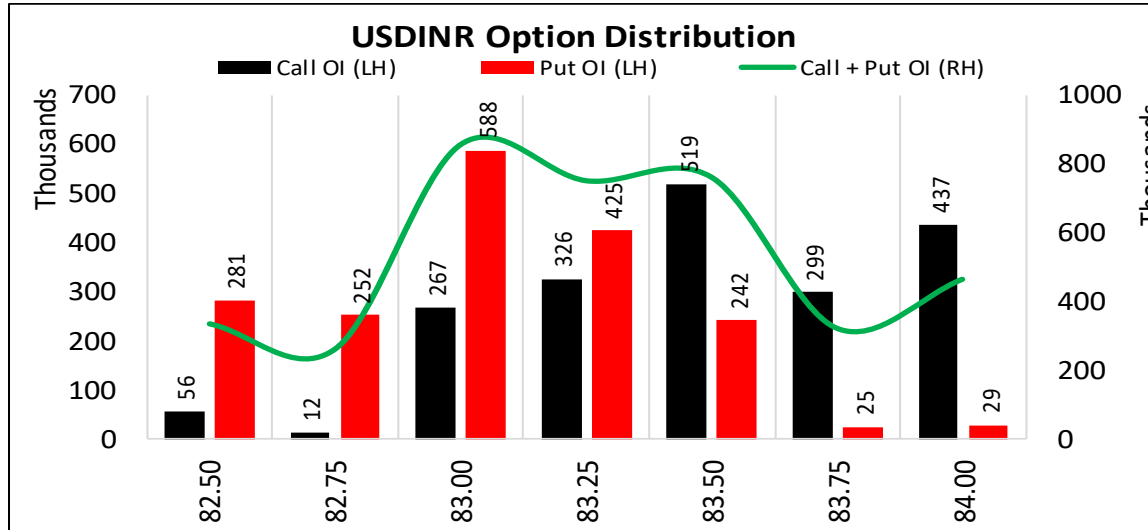
| Currency Pair | Open | High | Low | Close | Prev. Close | % Change | Open Interest | % Chg. in OI | Agg. OI | % Chg. In Agg. OI | Volume | % Chg. Volume |
|----------------|----------|----------|----------|----------|-------------|----------|---------------|--------------|-----------|-------------------|-----------|---------------|
| USDINR Jan Fut | 83.3900 | 83.3950 | 83.2400 | 83.2700 | 83.4325 | -0.19% | 3,904,949 | -5.4% | 5,288,095 | -29.1% | 2,196,176 | -25.7% |
| EURINR Jan Fut | 92.6250 | 92.7225 | 92.4825 | 92.6400 | 92.2325 | 0.44% | 394,371 | 6.3% | 499,710 | -1.5% | 230,756 | -31.7% |
| GBPINR Jan Fut | 106.5650 | 106.7225 | 106.4325 | 106.4825 | 106.1150 | 0.35% | 296,996 | 5.8% | 371,927 | -7.2% | 212,494 | -45.1% |
| JPYINR Jan Fut | 59.1525 | 59.4625 | 59.1525 | 59.4225 | 58.8200 | 1.02% | 52,936 | -2.5% | 63,495 | -20.9% | 95,179 | 28.0% |
| EURUSD Jan Fut | 1.1109 | 1.1141 | 1.1104 | 1.1128 | 1.1057 | 0.64% | 18,521 | -0.1% | 43,522 | -2.4% | 1,351 | -81.7% |
| GBPUSD Jan Fut | 1.2796 | 1.2805 | 1.2789 | 1.2795 | 1.2726 | 0.54% | 11,654 | 0.2% | 11,663 | -26.2% | 1,032 | -84.8% |
| USDJPY Jan Fut | 140.99 | 140.99 | 140.22 | 140.30 | 141.85 | -1.09% | 1,262 | 402.8% | 1,262 | 130.3% | 1,058 | 6512.5% |

Technical Levels

| Currency Pair | Trend* | Close | Pivot | Supt.3 | Supt.2 | Supt.1 | Resi.1 | Resi.2 | Resi.3 | 5 DMA | 20 DMA | RSI |
|----------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| USDINR Jan Fut | Bearish | 83.27 | 83.30 | 82.99 | 83.15 | 83.21 | 83.36 | 83.46 | 83.61 | 83.31 | 83.39 | 44.36 |
| EURINR Jan Fut | Bullish | 92.64 | 92.62 | 92.14 | 92.38 | 92.51 | 92.75 | 92.86 | 93.10 | 91.95 | 91.02 | 71.73 |
| GBPINR Jan Fut | Bullish | 106.48 | 106.55 | 105.97 | 106.26 | 106.37 | 106.66 | 106.84 | 107.13 | 105.92 | 105.49 | 64.34 |
| JPYINR Jan Fut | Bullish | 59.42 | 59.35 | 58.73 | 59.04 | 59.23 | 59.54 | 59.66 | 59.97 | 58.92 | 58.18 | 65.17 |
| EURUSD Jan Fut | Bullish | 1.1128 | 1.1124 | 1.1050 | 1.1087 | 1.1108 | 1.1145 | 1.1161 | 1.1198 | 1.1041 | 1.0915 | 67.07 |
| GBPUSD Jan Fut | Bullish | 1.2795 | 1.2796 | 1.2764 | 1.2780 | 1.2788 | 1.2804 | 1.2812 | 1.2828 | 1.2716 | 1.2642 | 64.74 |
| USDJPY Jan Fut | Bearish | 140.30 | 140.50 | 138.96 | 139.73 | 140.02 | 140.79 | 141.27 | 142.04 | 141.66 | 144.04 | 33.55 |

* Trend Auto generated with the help of Moving Average

USDINR Dec Month Option Charts



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