

KEDIA ADVISORY

DAILY CURRENCY OUTLOOK

05 Jan 2024

- USDINR
- EURINR
- GBPINR
- JPYINR



Kedia Stocks & Commodities Research Pvt. Ltd.

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Domestic Currencies

Currency	Expiry	Open	High	Low	Close	% Change
USDINR	29-Jan-24	83.3575	83.3950	83.2725	83.3200	-0.05
USDINR	27-Feb-24	83.4500	83.4750	83.3625	83.4050	-0.05
EURINR	29-Jan-24	91.2000	91.4450	91.1300	91.3225	0.18
EURINR	27-Feb-24	91.3000	91.5800	91.2675	91.4675	0.18
GBPINR	29-Jan-24	105.5525	105.9875	105.5525	105.8300	0.53
GBPINR	27-Feb-24	105.6100	106.0425	105.4925	105.8875	0.53
JPYINR	29-Jan-24	58.4925	58.4925	58.0225	58.0525	-1.08
JPYINR	27-Feb-24	58.9000	58.9000	58.3625	58.4075	-1.08

Open Interest Snapshot

Currency	Expiry	% Change	% Oi Change	Oi Status
USDINR	29-Jan-24	-0.05	-1.34	Long Liquidation
USDINR	27-Feb-24	-0.05	5.88	Fresh Selling
EURINR	29-Jan-24	0.18	-7.41	Short Covering
EURINR	27-Feb-24	0.18	-3.31	Short Covering
GBPINR	29-Jan-24	0.53	18.19	Fresh Buying
GBPINR	27-Feb-24	0.53	44.50	Fresh Buying
JPYINR	29-Jan-24	-1.08	25.25	Fresh Selling
JPYINR	27-Feb-24	-1.08	32.49	Fresh Selling

Global Indices

Index	Last	%Chg
Nifty	21658.60	0.66
Dow Jones	37440.34	0.03
NASDAQ	14510.30	-0.56
CAC	7450.63	0.52
FTSE 100	7723.07	0.53
Nikkei	33450.07	0.49

International Currencies

Currency	Last	% Change
EURUSD	1.0955	0.05
GBPUSD	1.2694	0.09
USDJPY	144.71	-0.01
USDCAD	1.335	-0.07
USDAUD	1.4892	-0.13
USDCHF	84.94	-0.09

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Technical Snapshot



BUY USDINR JAN @ 83.25 SL 83.1 TGT 83.42-83.52.

Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	83.3200	83.45	83.39	83.33	83.27	83.21
27-Feb-24	83.4050	83.52	83.46	83.41	83.35	83.30

Observations

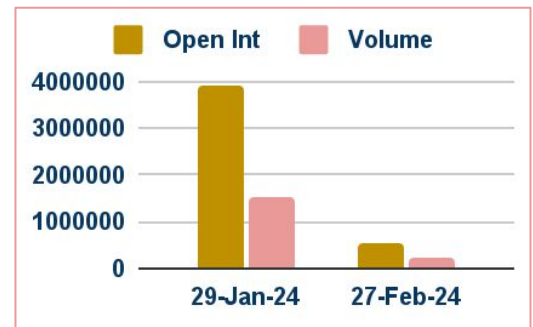
USDINR trading range for the day is 83.21-83.45.

Rupee strengthens with dollar inflows, while Asian peers struggle with rate cut expectations.

Private sector employment in the US rose by 164,000 in December and annual pay was up 5.4% - ADP

RBI continues to accumulate inflows and build currency reserves at every possible opportunity.

OI & Volume



Spread

Currency	Spread
USDINR FEB-JAN	0.0850

Technical Snapshot



SELL EURINR JAN @ 91.4 SL 91.6 TGT 91.2-91.

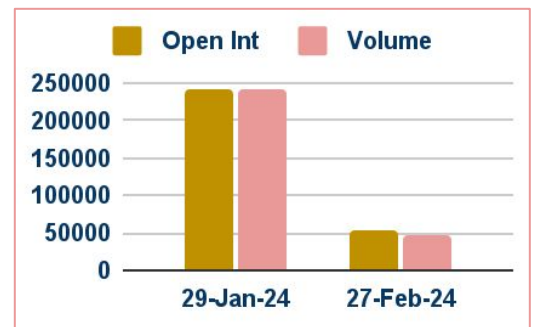
Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	91.3225	91.61	91.47	91.30	91.16	90.99
27-Feb-24	91.4675	91.75	91.61	91.44	91.30	91.13

Observations

EURINR trading range for the day is 90.99-91.61.
 Euro gains as risk sentiment improves, uncertainty remains over interest rate cuts
 Eurozone Composite PMI matches November's level, indicating sustained decline in business activity
 Germany Composite PMI revised upward, still showing contraction in private sector

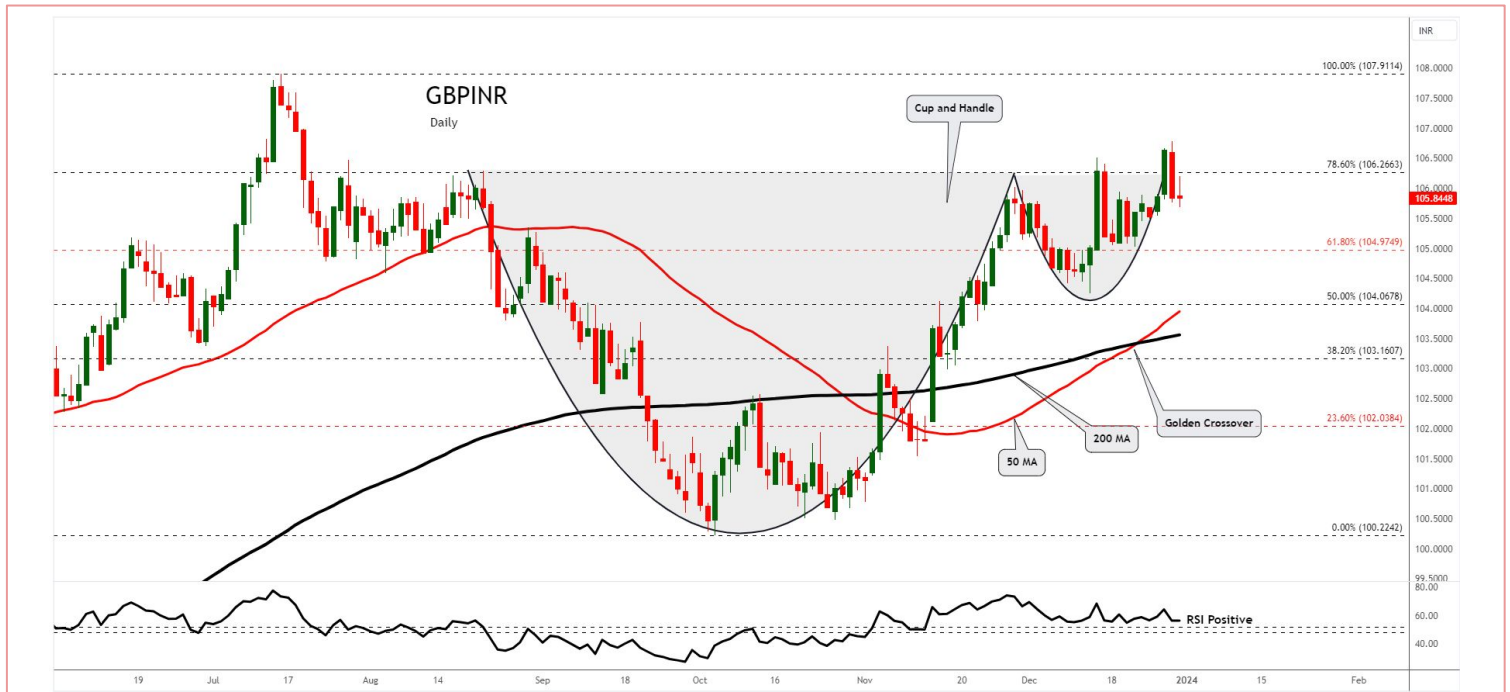
OI & Volume



Spread

Currency	Spread
EURINR FEB-JAN	0.1450

Technical Snapshot



SELL GBPINR JAN @ 105.9 SL 106.2 TGT 105.6-105.4.

Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	105.8300	106.23	106.03	105.79	105.59	105.35
27-Feb-24	105.8875	106.36	106.13	105.81	105.58	105.26

Observations

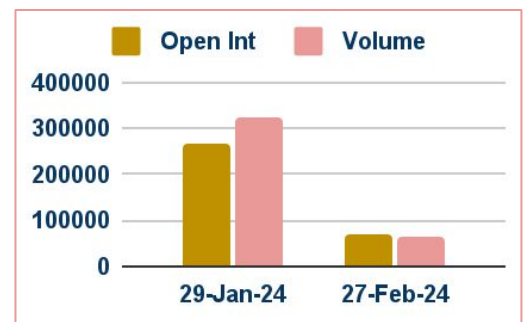
GBPINR trading range for the day is 105.35-106.23.

GBP gains as market sentiment improves after a subdued start to the year.

Discussions about rate cuts from the Fed are firm, while the BoE emphasizes higher interest rates.

UK could enter a mild recession, with a gloomy economic outlook.

OI & Volume



Spread

Currency	Spread
GBPINR FEB-JAN	0.0575

Technical Snapshot



SELL JPYINR JAN @ 58.1 SL 58.3 TGT 57.9-57.7.

Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	58.0525	58.66	58.36	58.19	57.89	57.72
27-Feb-24	58.4075	59.10	58.76	58.56	58.22	58.02

Observations

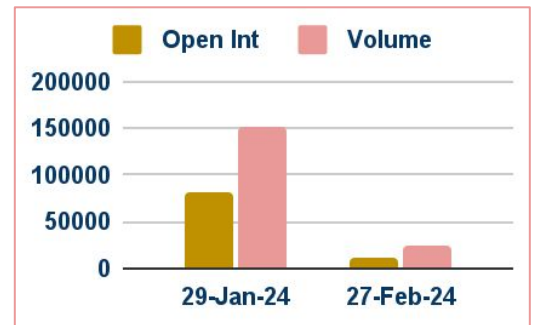
JPYINR trading range for the day is 57.72-58.66.

JPY depreciated due to a stronger dollar and reduced bets on US Fed interest rate cuts

BOJ Governor Kazuo Ueda said he hopes the economy can see inflation and wages rise in a balanced manner.

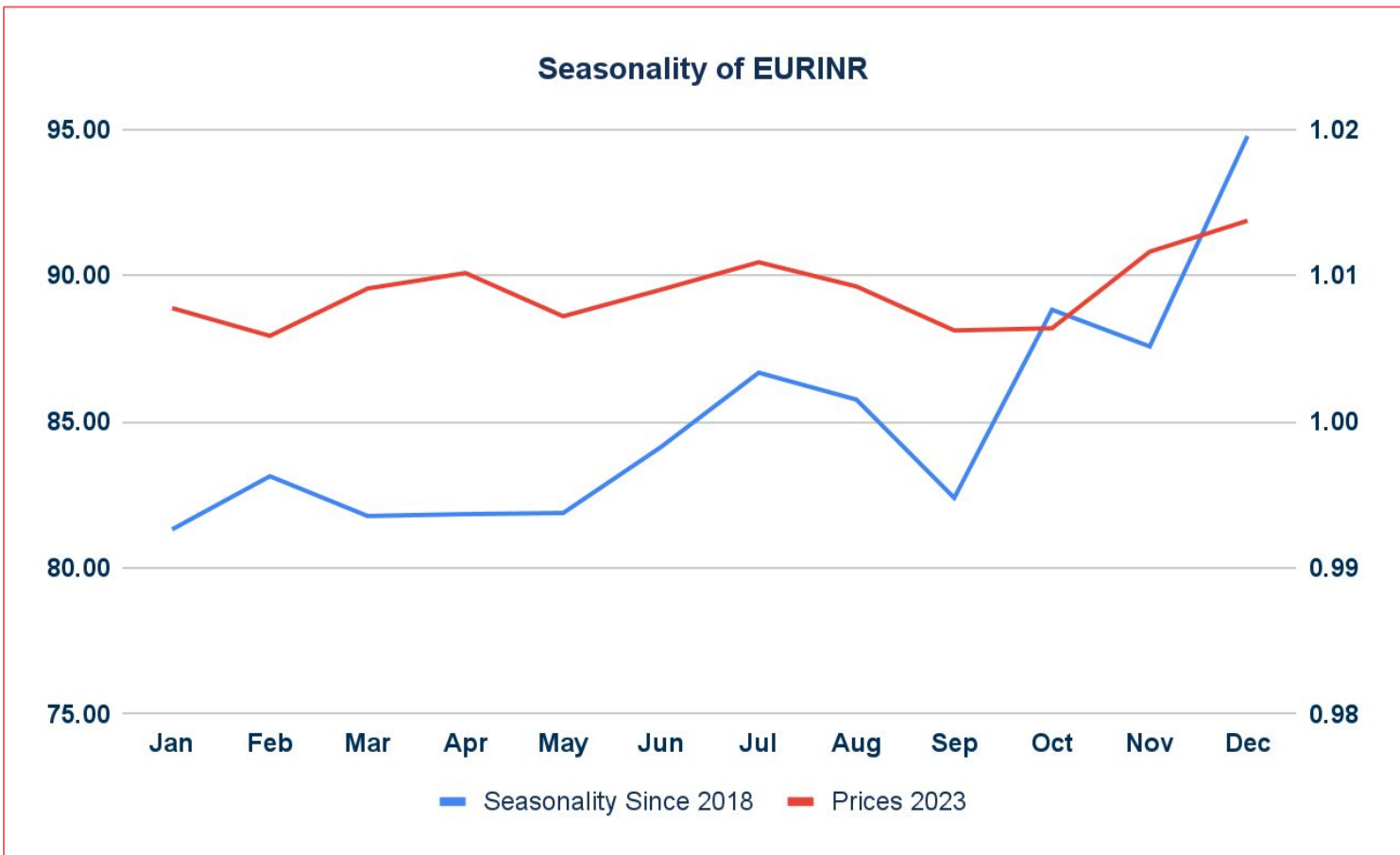
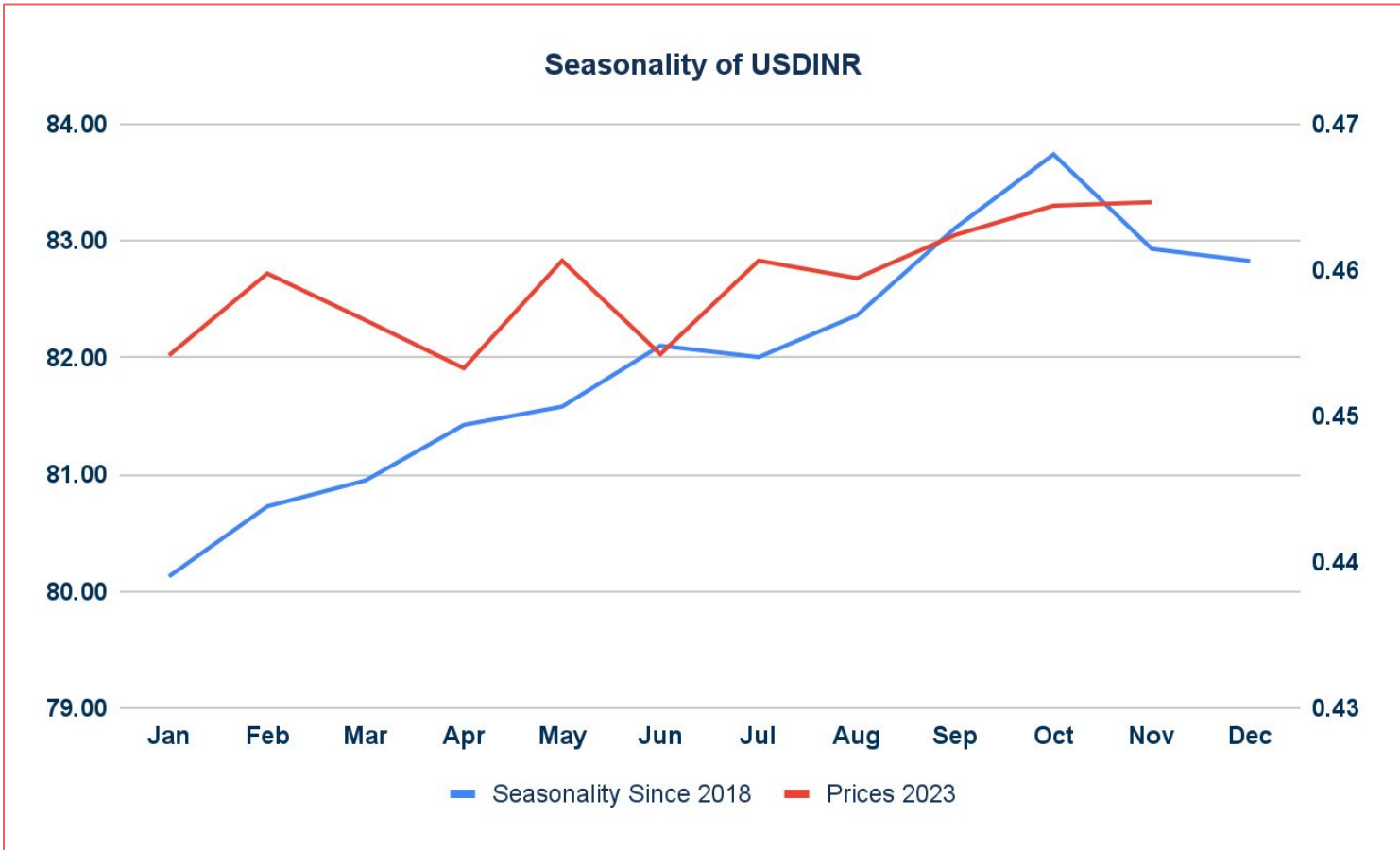
Japan Manufacturing PMI was revised upward to 47.9 in December 2023 from a flash figure of 47.7.

OI & Volume



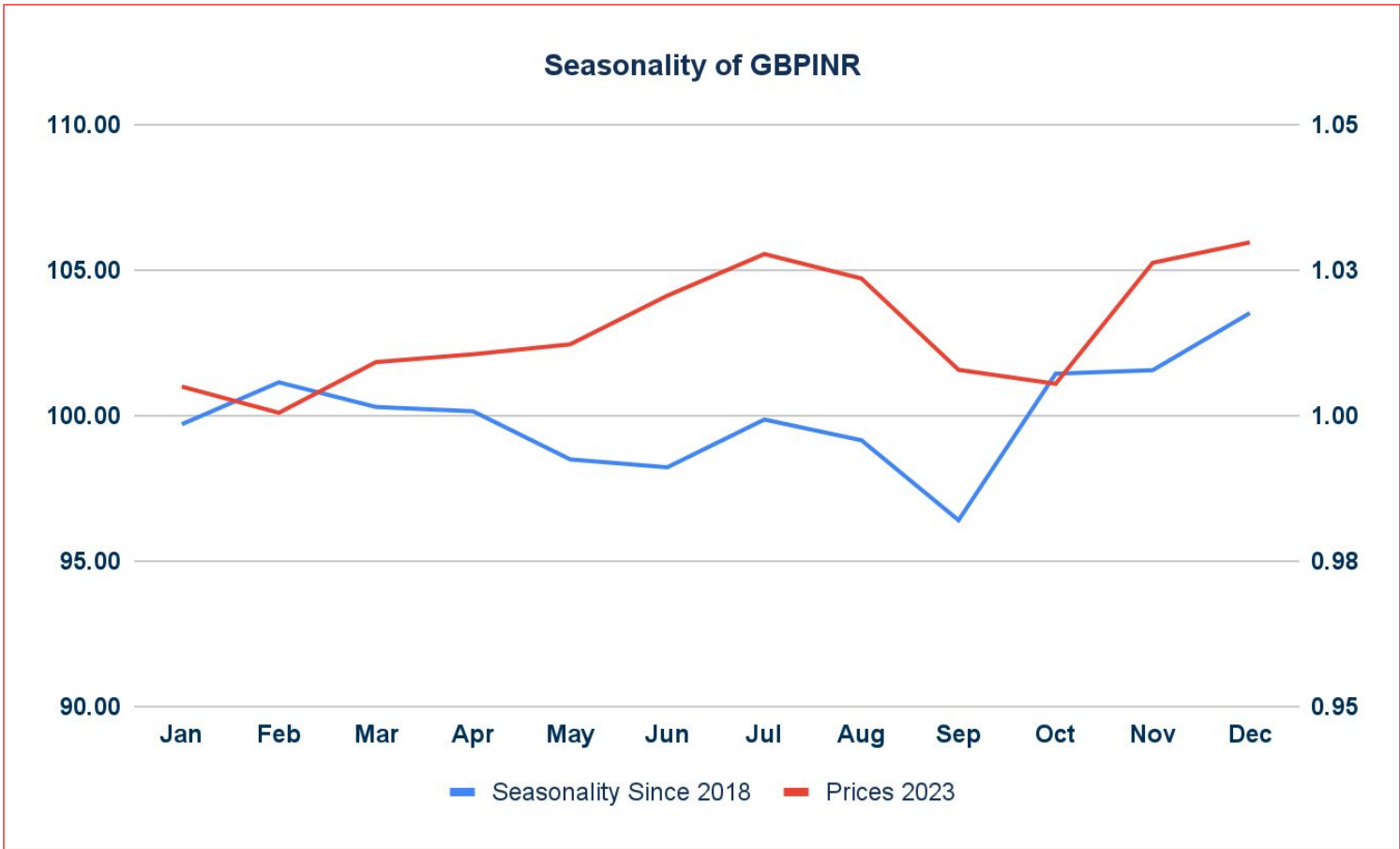
Spread

Currency	Spread
JPYINR FEB-JAN	0.3550



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Economic Data

Date	Curr.	Data
Jan 2	EUR	Spanish Manufacturing PMI
Jan 2	EUR	German Final Manufacturing PMI
Jan 2	EUR	Final Manufacturing PMI
Jan 2	EUR	M3 Money Supply y/y
Jan 2	USD	Final Manufacturing PMI
Jan 2	USD	Construction Spending m/m
Jan 3	EUR	Spanish Unemployment Change
Jan 3	EUR	German Unemployment Change
Jan 3	USD	FOMC Member Barkin Speaks
Jan 3	USD	ISM Manufacturing PMI
Jan 3	USD	JOLTS Job Openings
Jan 3	USD	ISM Manufacturing Prices
Jan 4	USD	FOMC Meeting Minutes
Jan 4	EUR	German Final Services PMI
Jan 4	EUR	Final Services PMI

Date	Curr.	Data
Jan 4	USD	Challenger Job Cuts y/y
Jan 4	USD	ADP Non-Farm Change
Jan 4	USD	Unemployment Claims
Jan 4	USD	Final Services PMI
Jan 4	USD	Natural Gas Storage
Jan 4	USD	Crude Oil Inventories
Jan 5	EUR	German Retail Sales m/m
Jan 5	EUR	Core CPI Flash Estimate y/y
Jan 5	EUR	CPI Flash Estimate y/y
Jan 5	EUR	PPI m/m
Jan 5	USD	Average Hourly Earnings m/m
Jan 5	USD	Non-Farm Employment Change
Jan 5	USD	Unemployment Rate
Jan 5	USD	ISM Services PMI
Jan 5	USD	Factory Orders m/m

News

The HCOB Germany Composite PMI was revised upward to 47.4 in December 2023, rising from a preliminary estimate of 46.7 but remaining slightly below November's reading of 47.8. The PMI indicated a sixth consecutive month of contraction in the country's private sector, as the demand for goods and services continued to decline. Additionally, employment decreased to its greatest extent since August 2020, albeit still moderately overall. Regarding prices, both input costs and output charges accelerated in December. Finally, expectations reached a seven-month high but remained historically subdued. The HCOB Eurozone Composite PMI matched November's 47.6 in December, registering below the critical 50.0 threshold for a seventh consecutive month but beating market expectations of 47. This indicates a sustained but moderate decline in business activity across the eurozone. Notably, sub-50.0 readings were observed throughout the third and fourth quarters of 2023. Both manufacturing and services saw output decline in December, with contraction rates largely consistent with the previous month. Demand for euro area goods and services weakened further, while employment levels fell for only the second time in almost three years.

Some Federal Reserve officials are ready to talk about what it would take for the central bank to stop the ongoing shrinkage of its massive holdings of cash and bonds, opening the door to a notable shift in central bank monetary policy, according to meeting minutes for the Fed's Dec. 12-13 policy meeting. At the gathering last month, "several participants remarked that the Committee's balance sheet plans indicated that it would slow and then stop the decline in the size of the balance sheet when reserve balances are somewhat above the level judged consistent with ample reserves," the minutes said. "These participants suggested that it would be appropriate for the Committee to begin to discuss the technical factors that would guide a decision to slow the pace of runoff well before such a decision was reached in order to provide appropriate advance notice to the public," the Fed document said. The policymakers were taking on a process that has complemented the Fed's aggressive rate hike cycle, and that is its ongoing contraction of just shy of \$100 billion per month in the overall size of its balance sheet. The Fed is allowing Treasury and mortgage bonds it owns to mature and not be replaced, and in doing so, it has reduced its balance sheet by just over \$1 trillion, to \$7.764 trillion on Dec. 27.

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