

HDFC Securities Retail Research

Currency Insights Weekly

11 December 2023



Currency Movements

Name	08-Dec-23	01-Dec-23	Change	% Change
Spot USDINR	83.3862	83.295	0.091	0.11%
DXY Index	104.01	103.268	0.742	0.72%
EURUSD	1.0763	1.0884	-0.012	-1.11%
GBPUSD	1.2549	1.271	-0.016	-1.27%
USDJPY	144.95	146.82	-1.870	-1.27%
USDCNH	7.1872	7.1242	0.063	0.88%
USDINR 1M FWD	83.50	83.24	0.260	0.31%
India 10 Yr. Yield	7.270	7.290	-0.020	-0.27%
US 10 Yr. Yield	4.2256	4.1956	0.030	0.72%

Global Indices

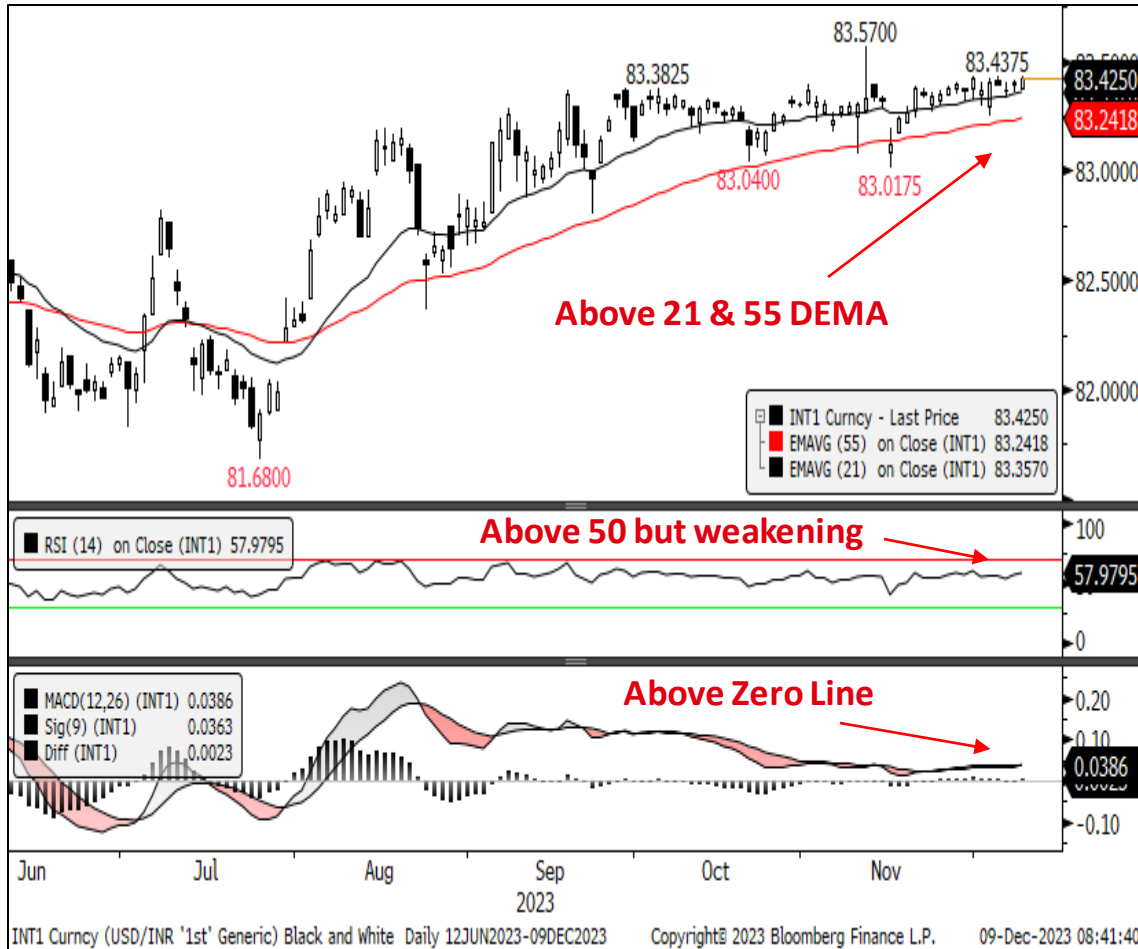
Name	08-Dec-23	01-Dec-23	Change	% Change
Nifty	20969.4	20267.9	702	3.46%
Sensex	69825.6	67481.2	2344	3.47%
Hang Seng	16334.4	16830.3	-496	-2.95%
Nikkei	32307.9	33431.5	-1124	-3.36%
Shanghai	2969.6	3031.6	-62	-2.05%
S&P Index	4604.4	4594.6	10	0.21%
Dow Jones	36247.9	36245.5	2	0.01%
Nasdaq	16084.7	15997.6	87	0.54%
FTSE	7554.5	7529.4	25	0.33%
CAC	7526.6	7346.2	180	2.46%
DAX	16759.2	16397.5	362	2.21%

Market Round-up

- The Indian rupee erased the previous week's gain and ended the week with a loss of 9 paise or 0.10% to 83.39 a dollar amid weaker regional currencies and stronger greenback following upbeat US economic data. **The foreign fund inflows and stronger domestic macro can lead to steady price actions in the local rupee even in global uncertainty.**
- USDINR Outlook:** It was another week, where the spot USDINR was stuck in the range of 83.20 to 83.50. **Any break below 83.20 will take it to 82.90 and a break above 83.50 may take it to 83.80.** Considering the weak trend in the Asian currencies and the FOMC meeting, the pair is expected to remain volatile within range with slow depreciation.
- On the positive front, **India's FX reserves surged to \$604.04 billion as of Dec.1**, rose for a third straight week and stood at a more than four-month high, data from the Reserve Bank of India (RBI) showed on Friday. **The crude-market strength has softened to the weakest since June as an influx of US cargoes threatens to flood global markets.** If US supplies outstrip Asian demand, the barrels may find their way to Europe, worsening the glut and deepening the discount for near-term barrels.
- The dollar snapped a three-week decline as Treasury yields rose following solid US employment data and an upbeat University of Michigan report. US 10-year Treasury yields are up three basis points at 4.23%. However, **the dollar's days of serving as a pure play on US rate expectations are about to end as investors increasingly brace for policy shifts from other major central banks.**
- US benchmark S&P 500 rose for the sixth straight week, the longest rally since November 2019, as markets parsed hotter-than-projected November jobs data and awaited next week's key Federal Reserve meeting and inflation reports.
- In FX, there was broad dollar selling against every contract that CFTC tracked. The flow was most extreme in sterling (19.6k) and the euro (9.2k), though there was also a reasonable size in the yen (4.3k). **There was a swing of about \$5 billion in the aggregate dollar position, which is now short just shy of \$3 billion.**

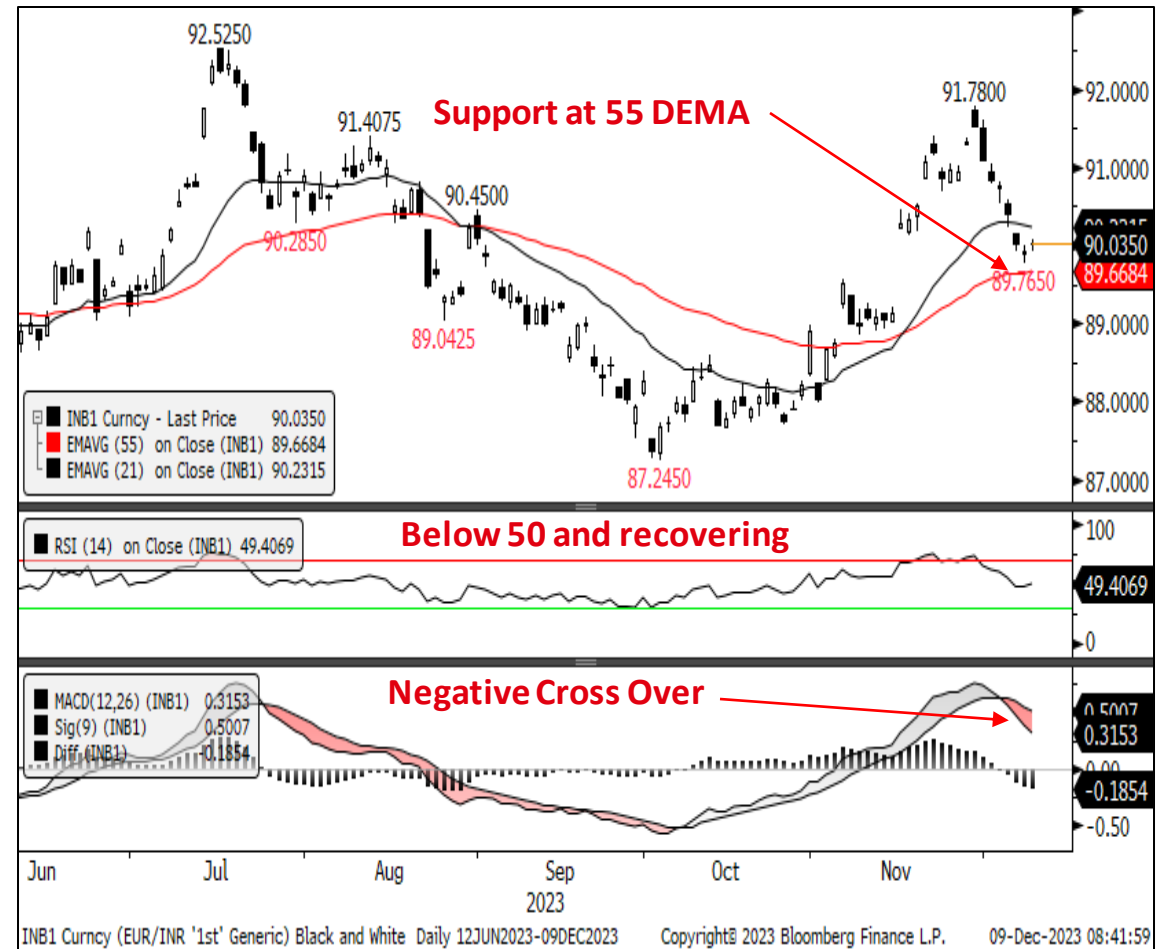
Sell USDINR Dec Fut ONLY Below 83.30 SL 83.55 Target 82.95

USDINR Dec Futures Daily Chart



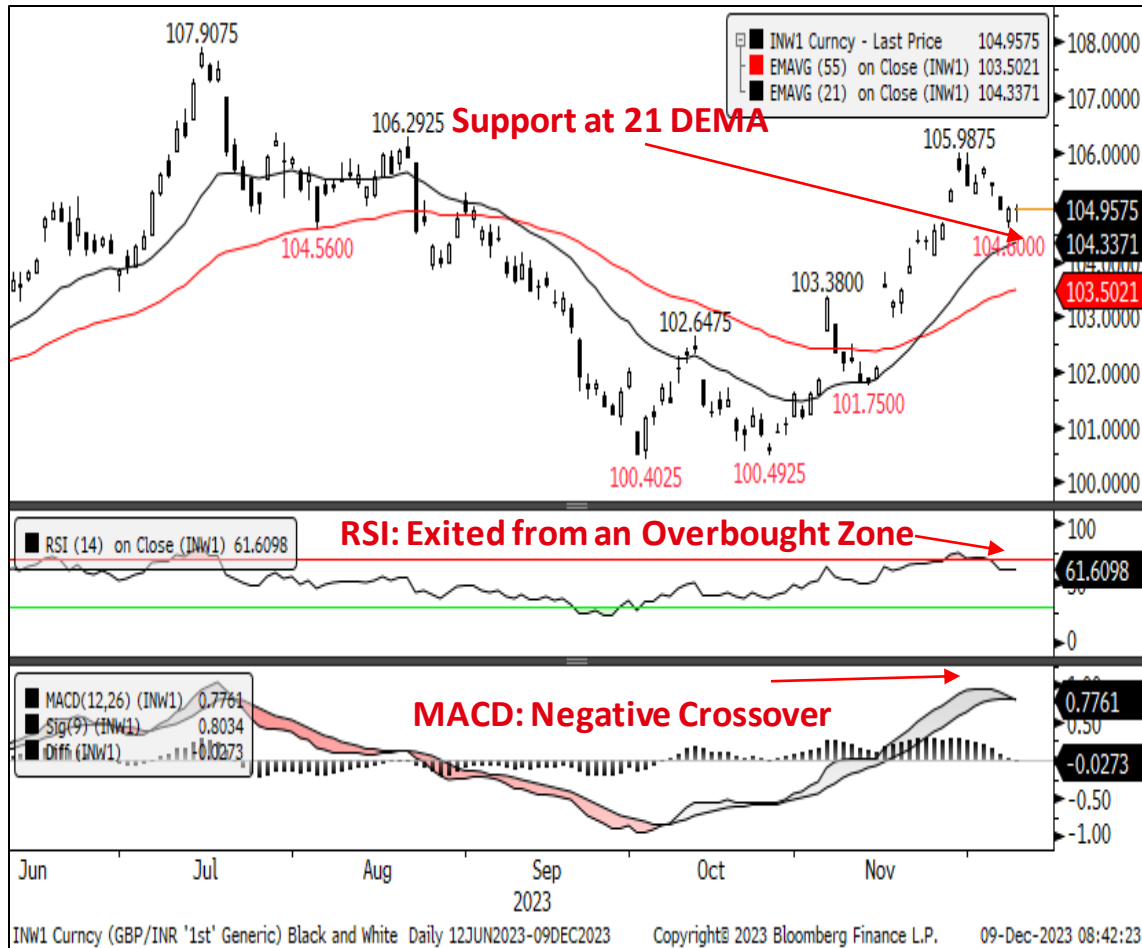
Buy EURINR Dec Fut at 90.05 SL 89.05 Target 91.75

EURINR Dec Futures Daily Chart



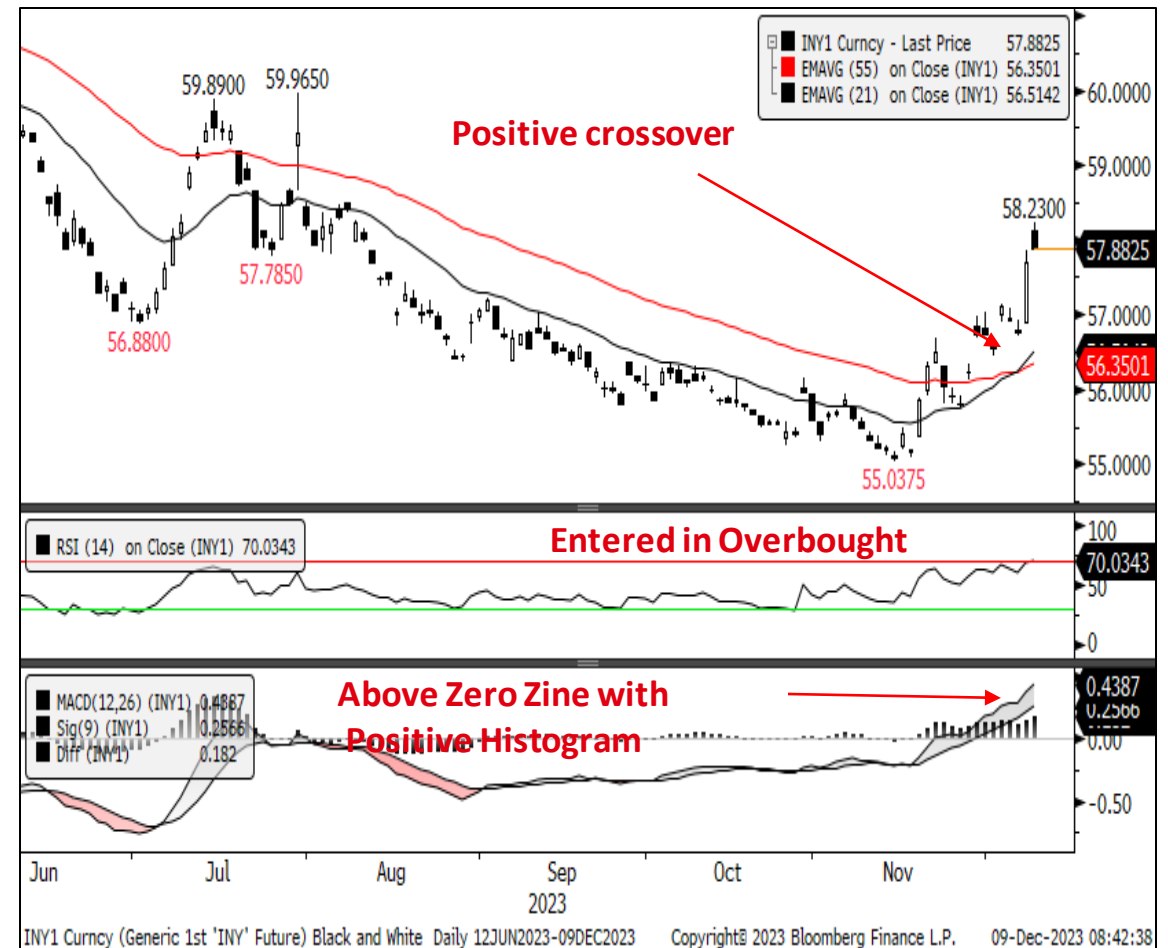
Buy GBPINR Dec Fut at 104.35 SL 103.40 Target 105.90

GBPINR Dec Futures Daily Chart

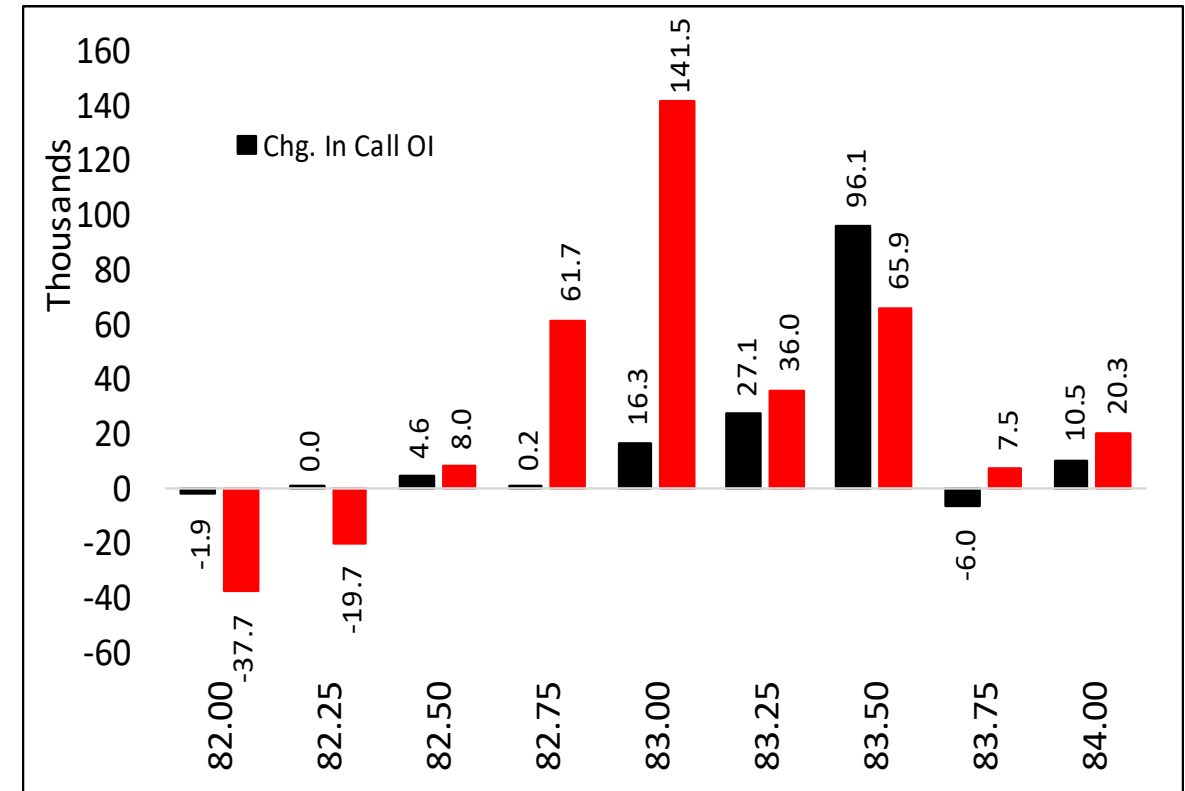
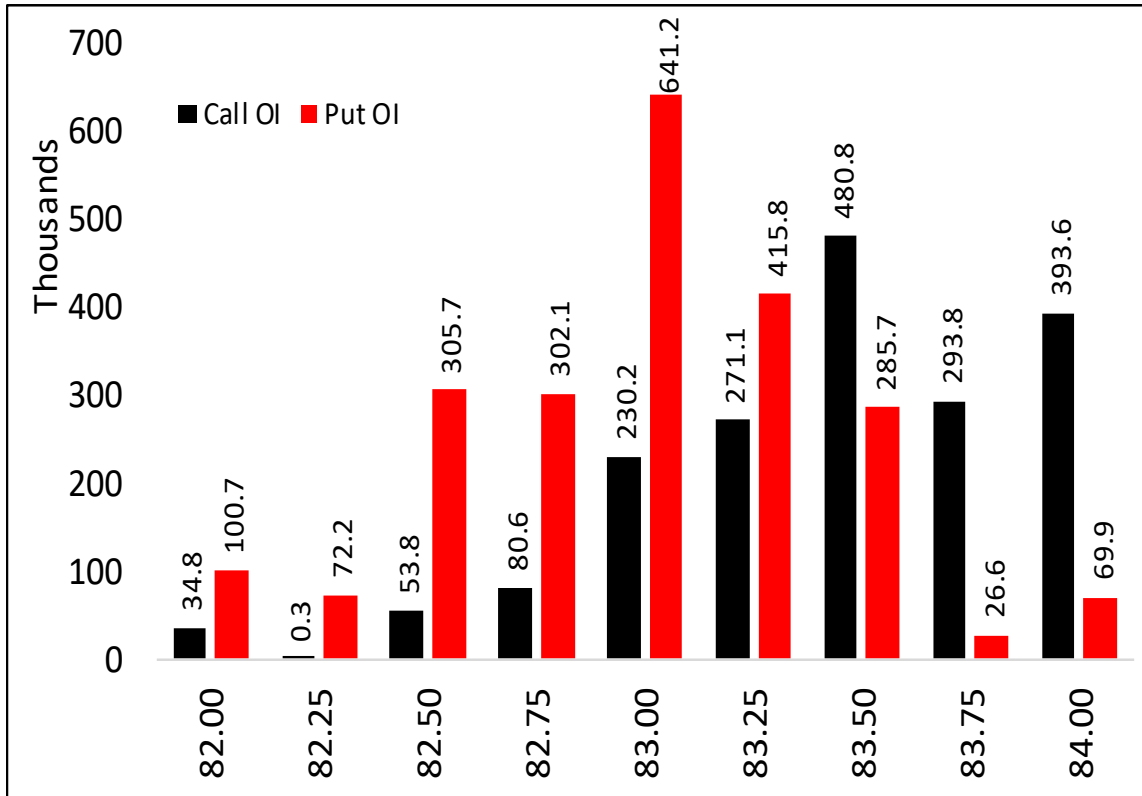


Buy JPYINR Dec Fut at 57.10 SL 56.40 Target 58.20

JPYINR Dec Futures Daily Chart



USDINR Dec Month Option Distribution



Observations:

- Maximum open interest is observed on 83 strikes where the total open interest (OI) position is 8.71 lakh contracts.
- The high open interest addition has been seen on the 83 strikes PE and 83.50 strikes CE, exhibiting near term support and resistance respectively.

Dollar Index Daily Chart



EURUSD Daily Chart



GBPUSD Daily Chart



USDJPY Daily Chart



Currency Derivative Price Actions

Currency Pair	High	Low	Close	Abs. Chg.	% Change	Open Interest	Chg. in OI	Agg. OI	Chg.in Agg. OI	Volume	Chg. Volume
USDINR Future Dec 23	83.4375	83.2500	83.4250	0.06	0.07%	4298728	-62579	5951216	317797	1241699	-1502018
EURINR Future Dec 23	90.8050	89.7650	90.0350	-0.81	-0.89%	151142	-50683	207499	58866	102921	-53673
GBPINR Future Dec 23	105.7450	104.6000	104.9575	-0.50	-0.47%	226026	-37397	302238	63364	132633	-39342
JPYINR Future Dec 23	58.2300	56.7200	57.8825	1.33	2.34%	72466	-1228	89495	-53364	187345	105208
EURUSD Future Dec 23	1.0891	1.0770	1.0791	-0.01	-1.06%	1482	-3427	6661	4601	26	-38
GBPUSD Future Dec 23	1.2680	1.2546	1.2582	-0.01	-0.54%	4835	114	14952	14178	19	-24
USDJPY Future Dec 23	146.95	143.30	144.17	-3.41	-2.31%	1176	897	1384	-15	60	43

Technical Levels

Currency Pair	Pivot	Supt.2	Supt.1	Resi.1	Resi.2	5 DSMA	20 DSMA	50 DSMA	Upper Band	Lower Band	RSI
USDINR Future Dec 23	83.37	83.18	83.30	83.49	83.56	83.36	83.31	83.34	83.49	83.21	55.96
EURINR Future Dec 23	90.20	89.16	89.60	90.64	91.24	91.06	89.74	88.97	91.92	89.03	71.07
GBPINR Future Dec 23	105.10	103.96	104.46	105.60	106.25	104.67	102.95	102.34	106.68	101.95	71.63
JPYINR Future Dec 23	57.61	56.10	56.99	58.50	59.12	56.10	55.71	56.19	57.85	54.69	55.05
EURUSD Future Dec 23	1.0817	1.0696	1.0744	1.0865	1.0938	1.0923	1.0772	1.0672	1.1028	1.0681	69.09
GBPUSD Future Dec 23	1.2603	1.2469	1.2525	1.2659	1.2737	1.2557	1.2348	1.2268	1.2804	1.2210	65.70
USDJPY Future Dec 23	144.81	141.16	142.66	146.31	148.46	148.61	149.52	148.85	152.04	144.29	44.92

Monday	Tuesday	Wednesday	Thursday	Friday
11 Dec	12 Dec	13 Dec	14 Dec	15 Dec
UK: Rightmove House Price China: FDI	UK: Jobless claims, Emp. Chg. EU: ZEW survey India: CPI, IIP US: CPI, NFIB small business	UK: Monthly GDP, IIP, Trade Balance EU: IIP US: MBA Mortgage, PPI India: Trade Balance US: Monetary Policy Decision	Japan: Core Machine orders, IIP India: WPI UK: BoE Monetary Policy EU: ECB Monetary Policy US: Initial & Conti. Claims, Retail sales	China: Retail sales, MLFR EU: Trade Balance US: Empire mfg. IIP, Capacity Utilisation
18 Dec	19 Dec	20 Dec	21 Dec	22 Dec
US: NAHB Housing Market Index	Japan: Monetary Policy EU: CPI US: Building Permits, Housing starts	Japan: Trade Balance China: LRP UK: CPI, HPI US: MBA Mortgage, Current Account, Existing Home sales, CBI	US: Initial & Conti. Claims, GDP, Personal consumption, Leading Index, Core PCE index, Kansas city Fed Mfg. Activity	Japan: Natl. CPI UK: GDP, Current Account US: Personal income & spending, PCE Core Deflator, New Home Sales
25 Dec	26 Dec	27 Dec	28 Dec	29 Dec
Holiday	US: Chicago & Dallas Fed Mfg. Activity	China: Industrial Profit Japan: Housing starts US: MBA Mortgage, Richmond Fed Mfg. Activity	Japan: Retail sales, IIP US: Initial & Conti. Claims, pending home sales, nationwide house	India: Fiscal balance, Eight core infra, BoP current account balance China: BoP CA Balance US: MNA Chicago PMI

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