

KEDIA ADVISORY

DAILY CURRENCY OUTLOOK

09 Nov 2023

- USDINR
- EURINR
- GBPINR
- JPYINR



Kedia Stocks & Commodities Research Pvt. Ltd.

Research Advisory | White Labelling | Digital Marketing



Domestic Currencies

| Currency | Expiry | Open | High | Low | Close | % Change |
|----------|-----------|----------|----------|----------|----------|----------|
| USDINR | 28-Nov-23 | 83.2650 | 83.3100 | 83.2550 | 83.2975 | 0.01 |
| USDINR | 27-Dec-23 | 83.4000 | 83.4000 | 83.3350 | 83.3675 | 0.00 |
| EURINR | 28-Nov-23 | 89.0100 | 89.1900 | 88.8600 | 88.9675 | -0.05 |
| EURINR | 27-Dec-23 | 89.2400 | 89.3100 | 89.0500 | 89.1450 | -0.06 |
| GBPINR | 28-Nov-23 | 102.3525 | 102.3525 | 102.0025 | 102.1675 | -0.21 |
| GBPINR | 27-Dec-23 | 102.4300 | 102.4375 | 102.1075 | 102.2575 | -0.21 |
| JPYINR | 28-Nov-23 | 55.5725 | 55.6275 | 55.4700 | 55.4825 | -0.25 |
| JPYINR | 27-Dec-23 | 55.9000 | 55.9475 | 55.7975 | 55.8175 | -0.26 |

Open Interest Snapshot

| Currency | Expiry | % Change | % Oi Change | Oi Status |
|----------|-----------|----------|-------------|------------------|
| USDINR | 28-Nov-23 | 0.01 | 0.53 | Fresh Buying |
| USDINR | 27-Dec-23 | 0.00 | 1.24 | Fresh Selling |
| EURINR | 28-Nov-23 | -0.05 | 0.49 | Fresh Selling |
| EURINR | 27-Dec-23 | -0.06 | 1.75 | Fresh Selling |
| GBPINR | 28-Nov-23 | -0.21 | -1.00 | Long Liquidation |
| GBPINR | 27-Dec-23 | -0.21 | -1.02 | Long Liquidation |
| JPYINR | 28-Nov-23 | -0.25 | 3.21 | Fresh Selling |
| JPYINR | 27-Dec-23 | -0.26 | 7.73 | Fresh Selling |

Global Indices

| Index | Last | %Chg |
|-----------|----------|-------|
| Nifty | 19443.50 | 0.19 |
| Dow Jones | 34112.27 | -0.12 |
| NASDAQ | 13650.41 | 0.08 |
| CAC | 7034.16 | 0.69 |
| FTSE 100 | 7401.72 | -0.11 |
| Nikkei | 32454.92 | 0.90 |

International Currencies

| Currency | Last | % Change |
|----------|--------|----------|
| EURUSD | 1.071 | 0.00 |
| GBPUSD | 1.2282 | -0.02 |
| USDJPY | 150.94 | 0.05 |
| USDCAD | 1.3791 | -0.02 |
| USDAUD | 1.5607 | -0.03 |
| USDCHF | 89.95 | 0.03 |

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Technical Snapshot



SELL USDINR NOV @ 83.4 SL 83.55 TGT 83.22-83.1.

Trading Levels

| Expiry | Close | R2 | R1 | PP | S1 | S2 |
|-----------|---------|-------|-------|-------|-------|-------|
| 28-Nov-23 | 83.2975 | 83.35 | 83.33 | 83.29 | 83.27 | 83.23 |
| 27-Dec-23 | 83.3675 | 83.44 | 83.41 | 83.37 | 83.34 | 83.30 |

Observations

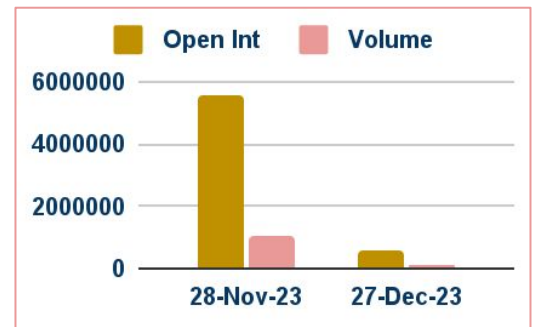
USDINR trading range for the day is 83.23-83.35.

Rupee closed little changed wedged between buoyant dollar demand and a retreat in crude oil prices

Fed Chair Powell's much awaited speech did not provide any clues about the central bank's interest-rate path.

Fitch revises India's potential growth upward to 6.2%

OI & Volume



Spread

| Currency | Spread |
|----------------|--------|
| USDINR DEC-NOV | 0.0700 |

Technical Snapshot



BUY EURINR NOV @ 88.8 SL 88.6 TGT 89.05-89.25.

Trading Levels

| Expiry | Close | R2 | R1 | PP | S1 | S2 |
|-----------|---------|-------|-------|-------|-------|-------|
| 28-Nov-23 | 88.9675 | 89.34 | 89.16 | 89.01 | 88.83 | 88.68 |
| 27-Dec-23 | 89.1450 | 89.43 | 89.29 | 89.17 | 89.03 | 88.91 |

Observations

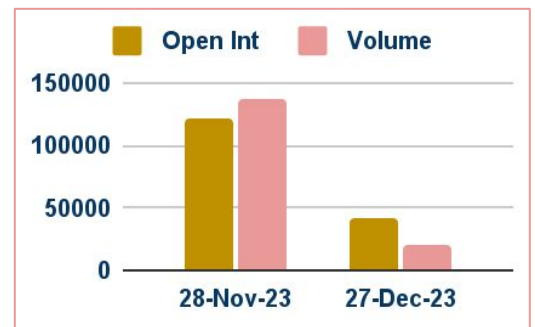
EURINR trading range for the day is 88.68-89.34.

Euro retreated as investors digested a series of remarks by central bank officials.

German consumer price inflation rate was confirmed at 3.8% year-on-year in October 2023, easing sharply from the previous month's 4.5%.

ECB's Guindos, pointed out that the euro zone's economy is likely to see a slight contraction or, at best, stagnation in the fourth quarter

OI & Volume



Spread

| Currency | Spread |
|----------------|--------|
| USDINR DEC-NOV | 0.0700 |

Technical Snapshot



BUY GBPINR NOV @ 102 SL 101.75 TGT 102.28-102.45.

Trading Levels

| Expiry | Close | R2 | R1 | PP | S1 | S2 |
|-----------|----------|--------|--------|--------|--------|--------|
| 28-Nov-23 | 102.1675 | 102.52 | 102.34 | 102.17 | 101.99 | 101.82 |
| 27-Dec-23 | 102.2575 | 102.60 | 102.43 | 102.27 | 102.10 | 101.94 |

Observations

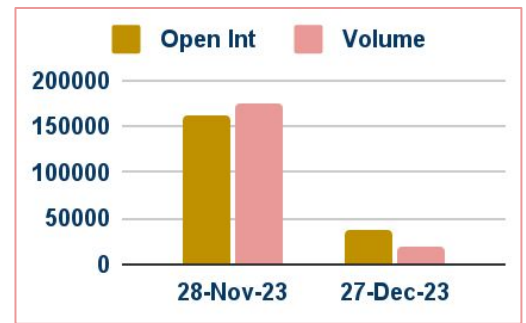
GBPINR trading range for the day is 101.82-102.52.

GBP dropped as markets continued to assess the policy outlook for the BoE

BOE's Pill expressed that rate cuts starting from the middle of next year were not an unreasonable prospect.

Investors are factoring in a likelihood of over 50% that rates will remain unchanged until June 2024

OI & Volume



Spread

| Currency | Spread |
|----------------|--------|
| USDINR DEC-NOV | 0.0700 |

Technical Snapshot



SELL JPYINR NOV @ 55.5 SL 55.7 TGT 55.25-55.05.

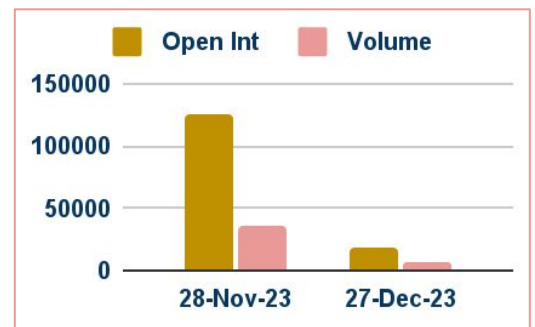
Trading Levels

| Expiry | Close | R2 | R1 | PP | S1 | S2 |
|-----------|---------|-------|-------|-------|-------|-------|
| 28-Nov-23 | 55.4825 | 55.69 | 55.59 | 55.53 | 55.43 | 55.37 |
| 27-Dec-23 | 55.8175 | 56.00 | 55.90 | 55.85 | 55.75 | 55.70 |

Observations

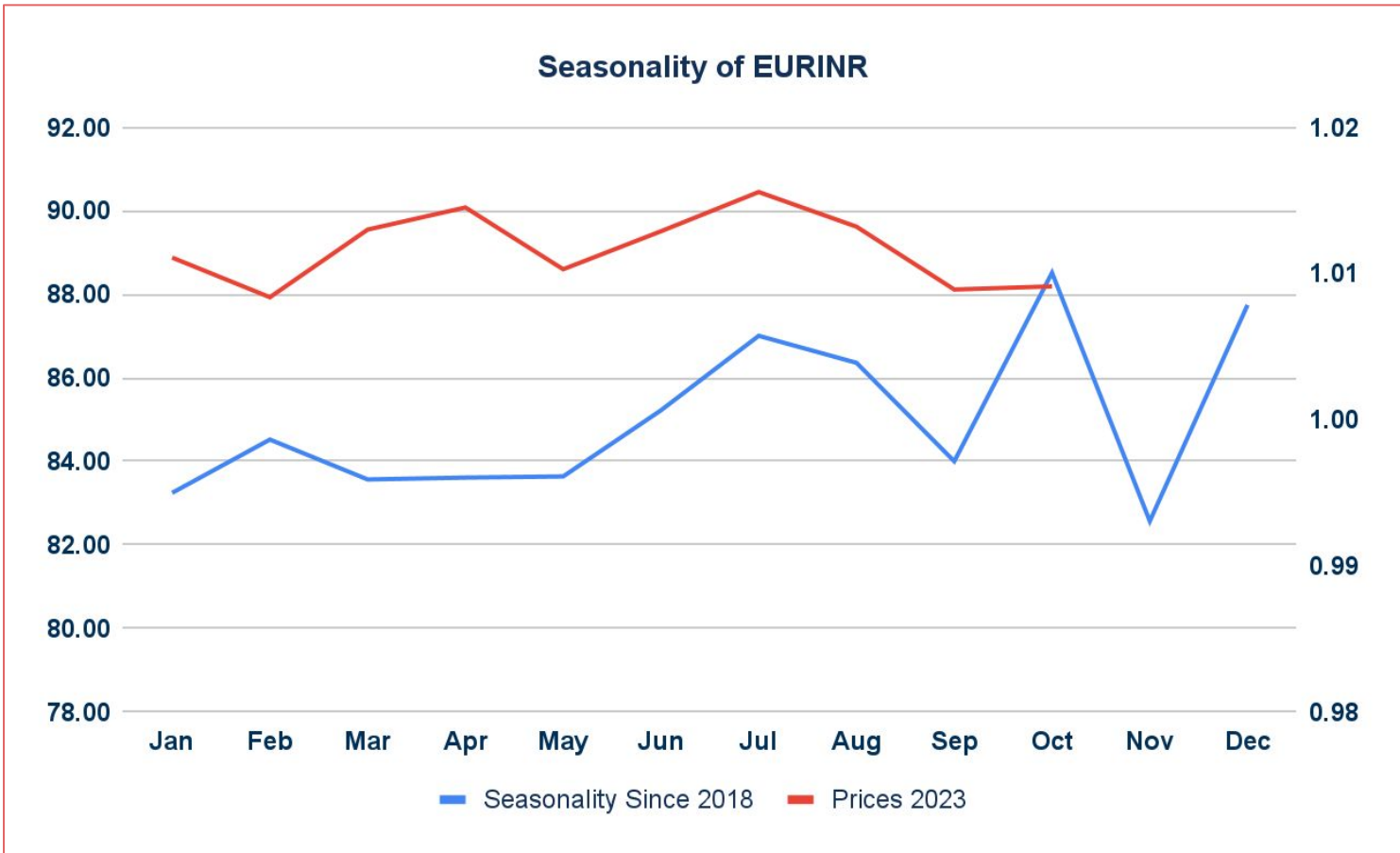
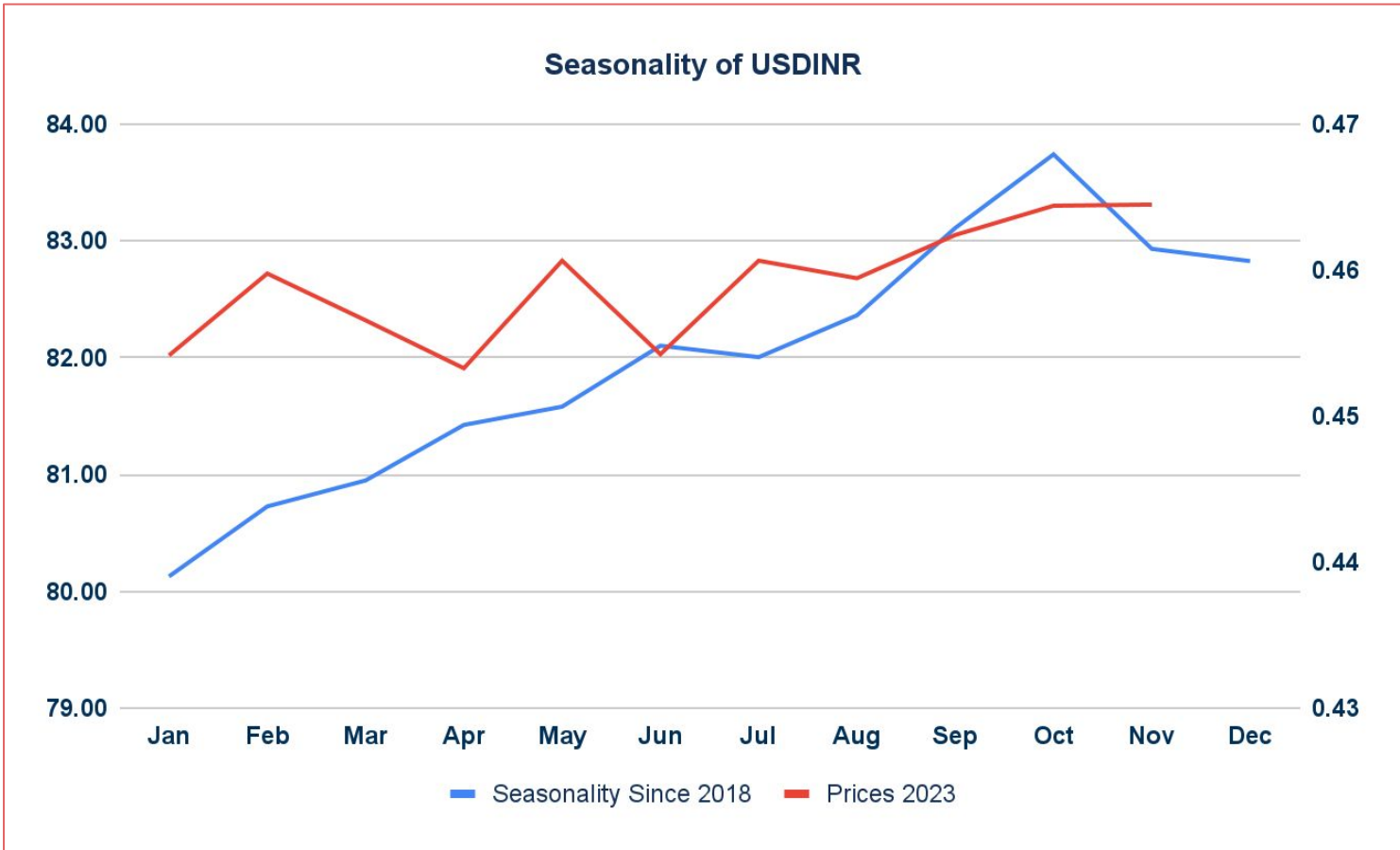
JPYINR trading range for the day is 55.37-55.69.
 JPY weakened weighed down by a rebound in the dollar and Treasury yields
 BOJ's Ueda said volatile currency moves were among the side effects the central bank was scrutinising in maintaining its bond yield control policy
 The Reuters Tankan sentiment index for manufacturers in Japan rose to +6 in November 2023 from +4 in October

OI & Volume



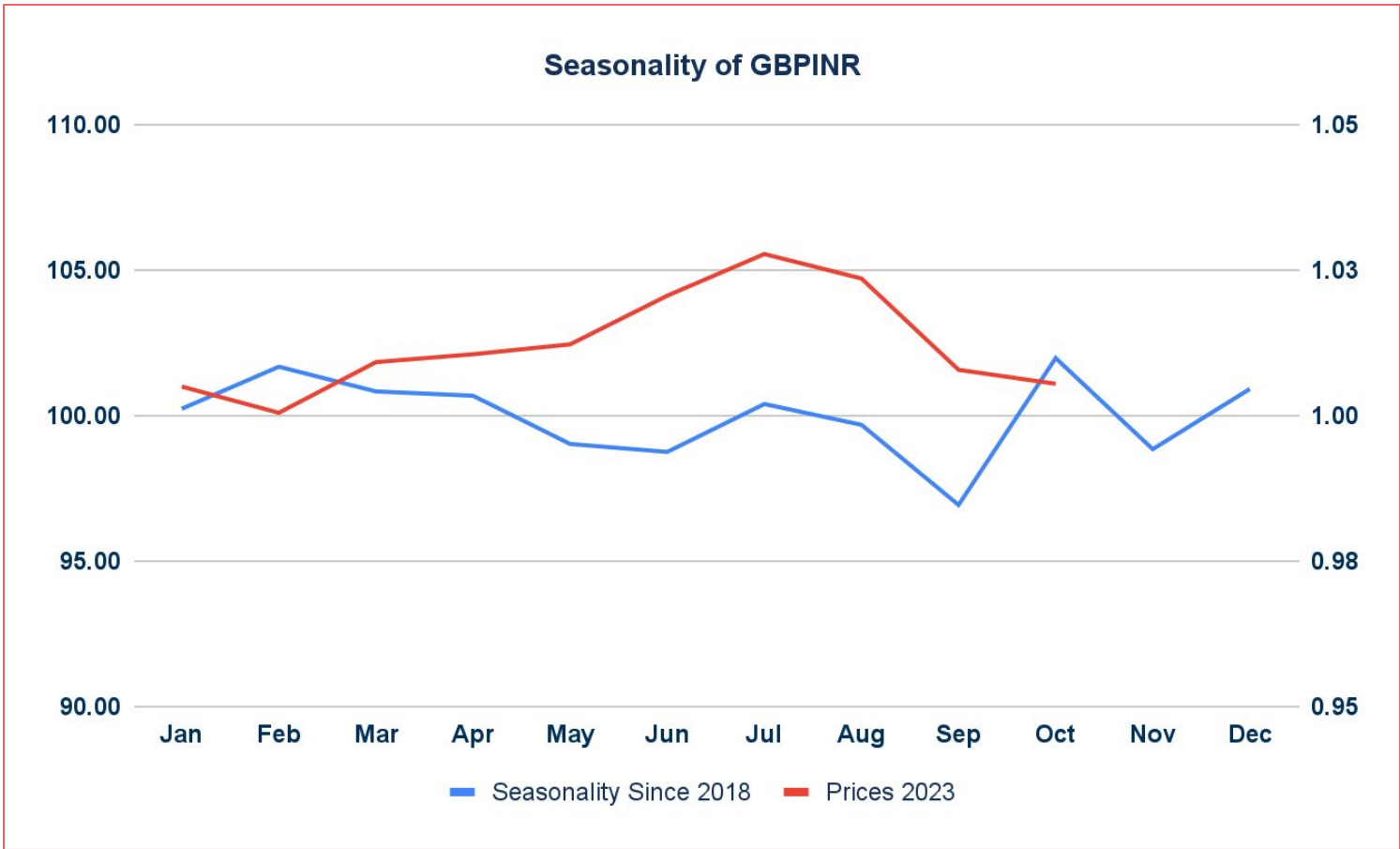
Spread

| Currency | Spread |
|----------------|--------|
| USDINR DEC-NOV | 0.0700 |



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Economic Data

| Date | Curr. | Data | Date | Curr. | Data |
|-------|-------|----------------------------|--------|-------|-----------------------------------|
| Nov 6 | EUR | German Factory Orders m/m | Nov 8 | EUR | Italian Retail Sales m/m |
| Nov 6 | EUR | Spanish Services PMI | Nov 8 | EUR | Eurogroup Meetings |
| Nov 6 | EUR | Italian Services PMI | Nov 8 | EUR | Retail Sales m/m |
| Nov 6 | EUR | French Final Services PMI | Nov 8 | EUR | German 10-y Bond Auction |
| Nov 6 | EUR | German Final Services PMI | Nov 8 | USD | Final Wholesale Inventories m/m |
| Nov 6 | EUR | Final Services PMI | Nov 8 | USD | 10-y Bond Auction |
| Nov 6 | EUR | Sentix Investor Confidence | Nov 9 | EUR | ECB Economic Bulletin |
| Nov 7 | EUR | Industrial Production m/m | Nov 9 | USD | Unemployment Claims |
| Nov 7 | EUR | PPI m/m | Nov 9 | EUR | ECB President Lagarde Speaks |
| Nov 7 | USD | Trade Balance | Nov 9 | USD | 30-y Bond Auction |
| Nov 7 | USD | FOMC Member Barr Speaks | Nov 10 | USD | Fed Chair Powell Speaks |
| Nov 8 | USD | FOMC Member Logan Speaks | Nov 10 | EUR | Italian Industrial Production m/m |
| Nov 8 | USD | Consumer Credit m/m | Nov 10 | USD | FOMC Member Logan Speaks |
| Nov 8 | EUR | German Final CPI m/m | Nov 10 | USD | Prelim UoM Consumer Sentiment |
| Nov 8 | EUR | French Trade Balance | Nov 10 | USD | Prelim UoM Inflation Expectations |

News

Bank of Japan Governor Kazuo Ueda said volatile currency moves were among the side effects the central bank was scrutinising in maintaining its bond yield control policy, in the wake of the yen's renewed declines against the dollar. "It's desirable for currency rates to move stably reflecting fundamentals," Ueda told parliament. "If yield curve control heightens market volatility, that is seen as among side-effects of the policy," Ueda said, when asked by an opposition lawmaker whether he saw sharp yen falls as a side effect of the BOJ's ultra-loose monetary policy. After a brief reprieve last week, the yen renewed its slide below 150 per dollar, which traders see as a level that heightens the chance of currency intervention by Japanese authorities. The BOJ's current yield curve control policy, which guides the 10-year government bond yield around 0%, has come under criticism by some lawmakers for widening the U.S.-Japan interest rate gap and causing yen falls that push up import costs. "We are well aware that underlying price rises are burdening households and companies. But we don't expect such (cost-push pressures) to last very long," Ueda said.

The index of coincident economic indicators in Japan, which covers a range of data, such as factory output, employment, and retail sales, edged up to 114.7 in September 2023 from a final 114.6 in August, pointing to the highest reading since June. The latest result underscored that the economy was trying to maintain a recovery momentum, amid elevated inflation at home and abroad. Meantime, companies are under growing pressure from the government and labor organizations to hike salaries. Simultaneously, the Japanese central bank continued to take a super-easy monetary policy for years, remaining a dovish outlier amid a global wave of monetary policy tightening by central banks. The index of leading economic indicators in Japan, which is used to gauge the economic outlook for a few months ahead on data such as job offers and consumer sentiment, declined to 108.7 in September 2023 from a final of 109.2, which was the highest reading since last November, a preliminary reading showed. The reading came amid a faster contraction in factory activity in September, as output shrank the most in three weeks, while the service sectors expanded the least in nine months, amid price pressures. On the other hand, consumer confidence weakened to a six-month low.

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