

KEDIA ADVISORY

# DAILY CURRENCY OUTLOOK

11 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	83.2100	83.2500	83.0300	83.1050	-0.11
USDINR	27-Feb-24	83.3000	83.3275	83.1200	83.1925	-0.11
EURINR	29-Jan-24	91.0250	91.0875	90.8850	91.0475	0.04
EURINR	27-Feb-24	91.1550	91.2300	91.0350	91.2000	0.05
GBPINR	29-Jan-24	105.7500	105.7750	105.5275	105.7350	-0.04
GBPINR	27-Feb-24	105.8175	105.8575	105.6100	105.8175	-0.04
JPYINR	29-Jan-24	57.6950	57.7500	57.5025	57.5450	-0.70
JPYINR	27-Feb-24	58.0250	58.0950	57.8500	57.8850	-0.68

## Open Interest Snapshot

Currency	Expiry	% Change	% Oi Change	Oi Status
USDINR	29-Jan-24	-0.11	3.30	Fresh Selling
USDINR	27-Feb-24	-0.11	4.16	Fresh Selling
EURINR	29-Jan-24	0.04	0.30	Fresh Buying
EURINR	27-Feb-24	0.05	3.01	Fresh Buying
GBPINR	29-Jan-24	-0.04	-1.74	Long Liquidation
GBPINR	27-Feb-24	-0.04	-8.55	Long Liquidation
JPYINR	29-Jan-24	-0.70	20.18	Fresh Selling
JPYINR	27-Feb-24	-0.68	6.98	Fresh Selling

## Global Indices

Index	Last	%Chg
Nifty	21618.70	0.34
Dow Jones	37695.73	0.45
NASDAQ	14969.65	0.75
CAC	7426.08	-0.01
FTSE 100	7651.76	-0.42
Nikkei	35112.18	1.95

## International Currencies

Currency	Last	% Change
EURUSD	1.0979	0.04
GBPUSD	1.2763	0.13
USDJPY	145.53	-0.14
USDCAD	1.3365	-0.10
USDAUD	1.4895	-0.17
USDCHF	84.98	-0.11

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## Technical Snapshot



**SELL USDINR JAN @ 83.2 SL 83.35 TGT 83.05-82.95.**

### Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	83.1050	83.35	83.23	83.13	83.01	82.91
27-Feb-24	83.1925	83.42	83.30	83.21	83.09	83.00

### Observations

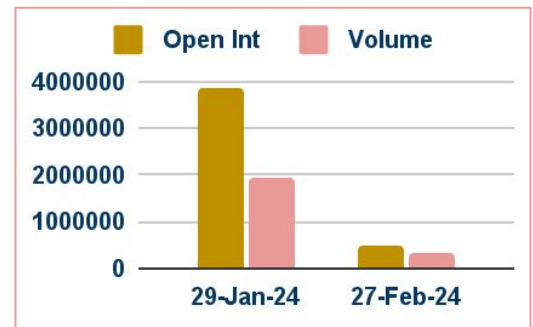
USDINR trading range for the day is 82.91-83.35.

Rupee ended higher for a sixth consecutive session on expected foreign inflows.

The National Statistical Office estimated that the Indian economy will grow at 6.2% in the next fiscal year.

Markets are currently pricing in a 66% chance of the Fed easing rates in March.

### OI & Volume



### Spread

Currency	Spread
USDINR FEB-JAN	0.0875

Technical Snapshot



**BUY EURINR JAN @ 91 SL 90.8 TGT 91.2-91.35.**

Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	91.0475	91.22	91.14	91.01	90.93	90.80
27-Feb-24	91.2000	91.36	91.29	91.16	91.09	90.96

Observations

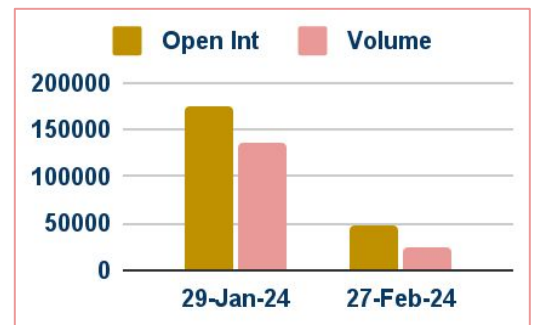
EURINR trading range for the day is 90.8-91.22.

Euro steadied as investors analyzed comments from ECB policymakers

ECB Vice President confirms possibility of technical recession in 2023

ECB plans to reduce interest rates once 2% inflation target is met

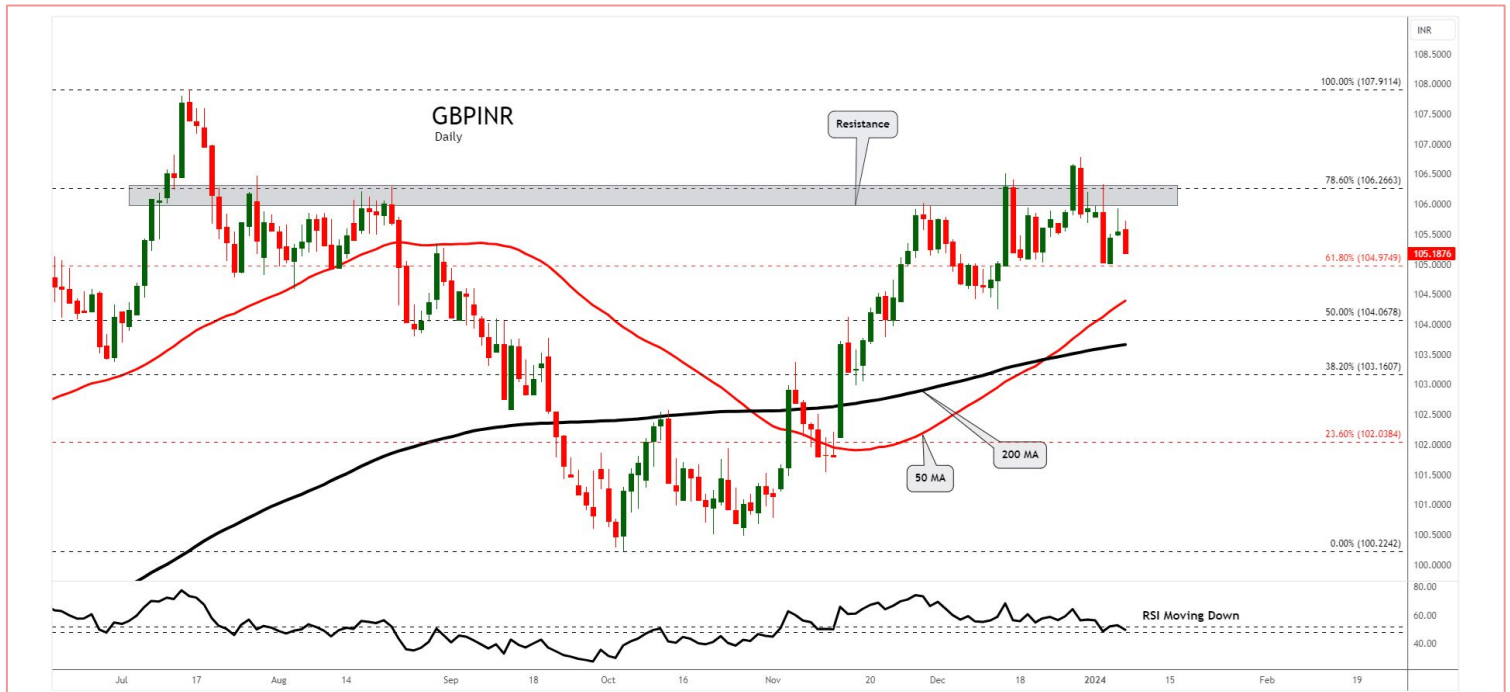
OI & Volume



Spread

Currency	Spread
EURINR FEB-JAN	0.1525

## Technical Snapshot



**BUY GBPINR JAN @ 105.7 SL 105.4 TGT 106-106.2.**

### Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	105.7350	105.92	105.83	105.68	105.59	105.44
27-Feb-24	105.8175	106.01	105.91	105.76	105.66	105.51

### Observations

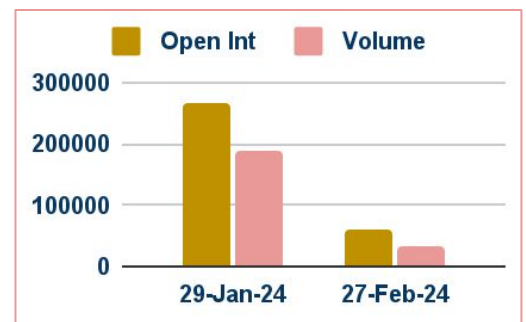
GBPINR trading range for the day is 105.44-105.92.

GBP drops further ahead of BoE Bailey's speech.

The UK economy is on the brink of shifting into a technical recession.

Market mood remains downbeat ahead of US Inflation data.

### OI & Volume



### Spread

Currency	Spread
GBPINR FEB-JAN	0.0825

### Technical Snapshot



**BUY JPYINR JAN @ 57 SL 56.8 TGT 57.2-57.4.**

### Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	57.5450	57.85	57.70	57.60	57.45	57.35
27-Feb-24	57.8850	58.18	58.03	57.94	57.79	57.70

### Observations

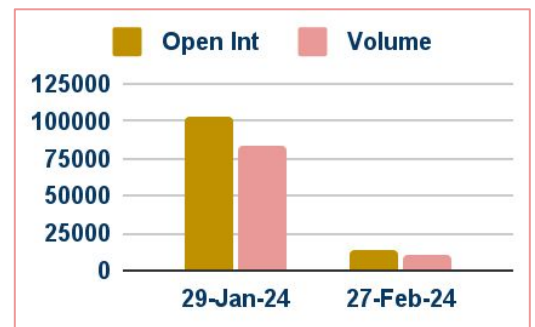
JPYINR trading range for the day is 57.35-57.85.

JPY weakens following the release of weaker domestic wage growth data.

Elevated US bond yields lend support to the USD and support prospects for further gains.

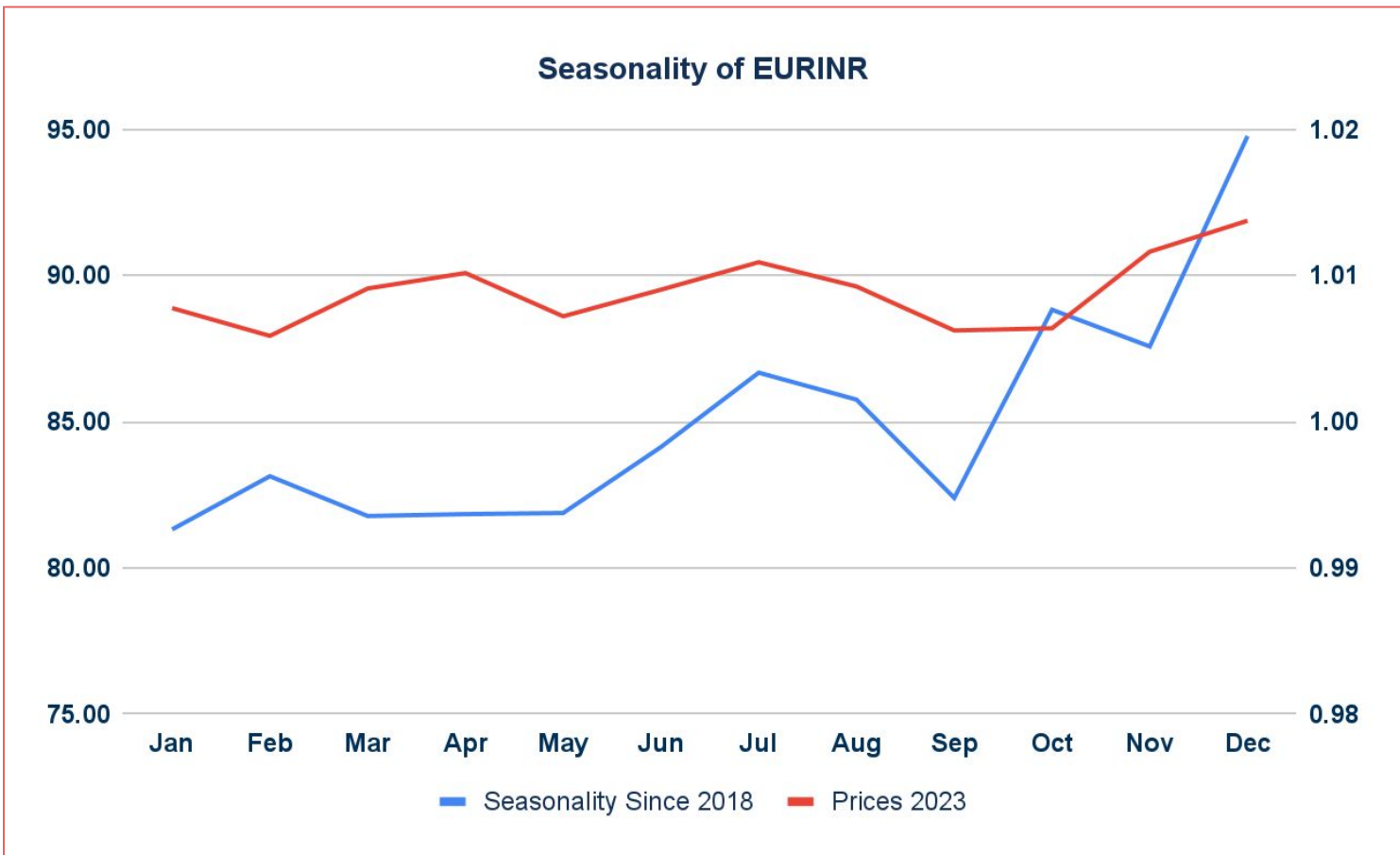
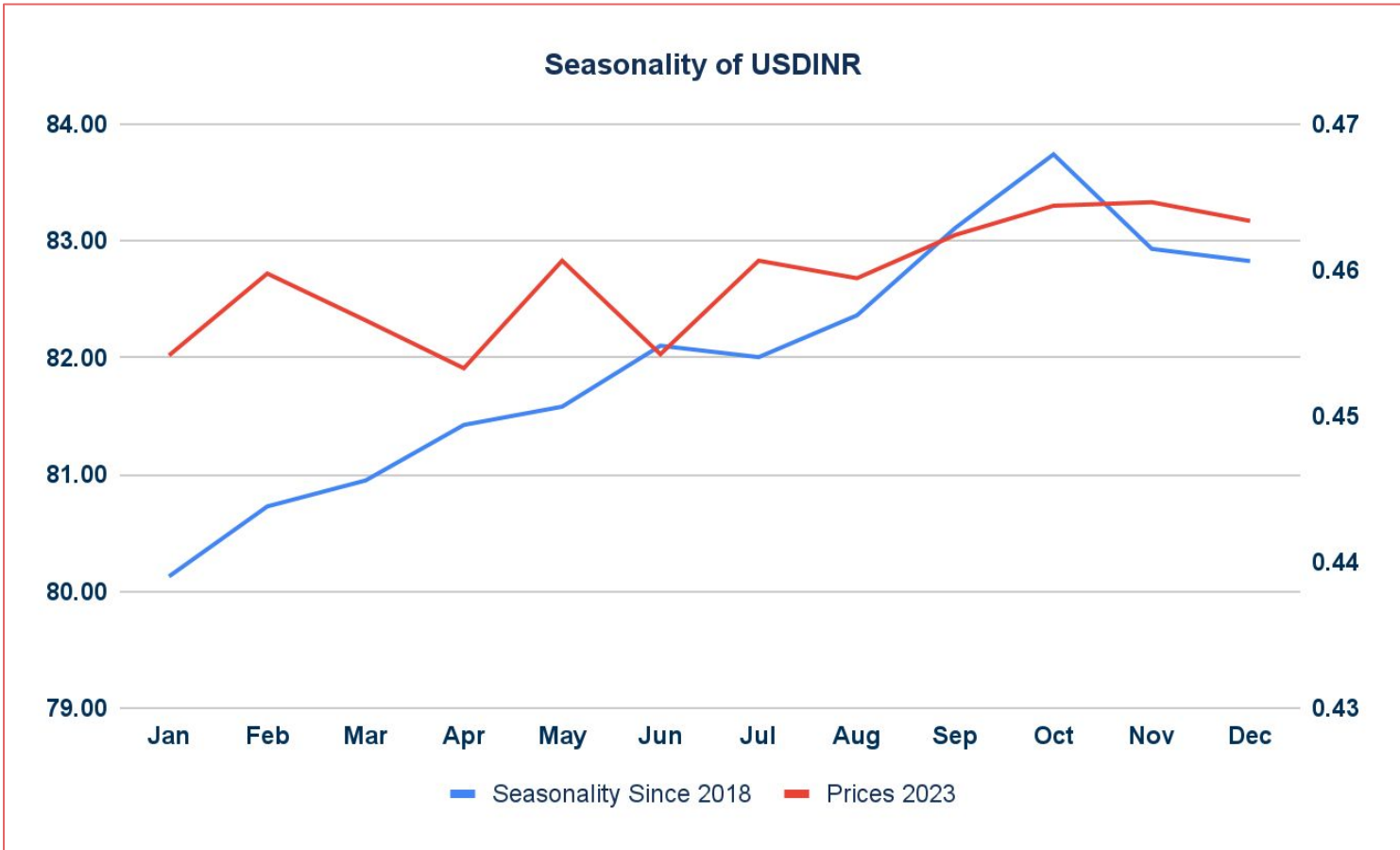
A positive risk tone further undermines the JPY and lifts USD/JPY to a fresh weekly top.

### OI & Volume



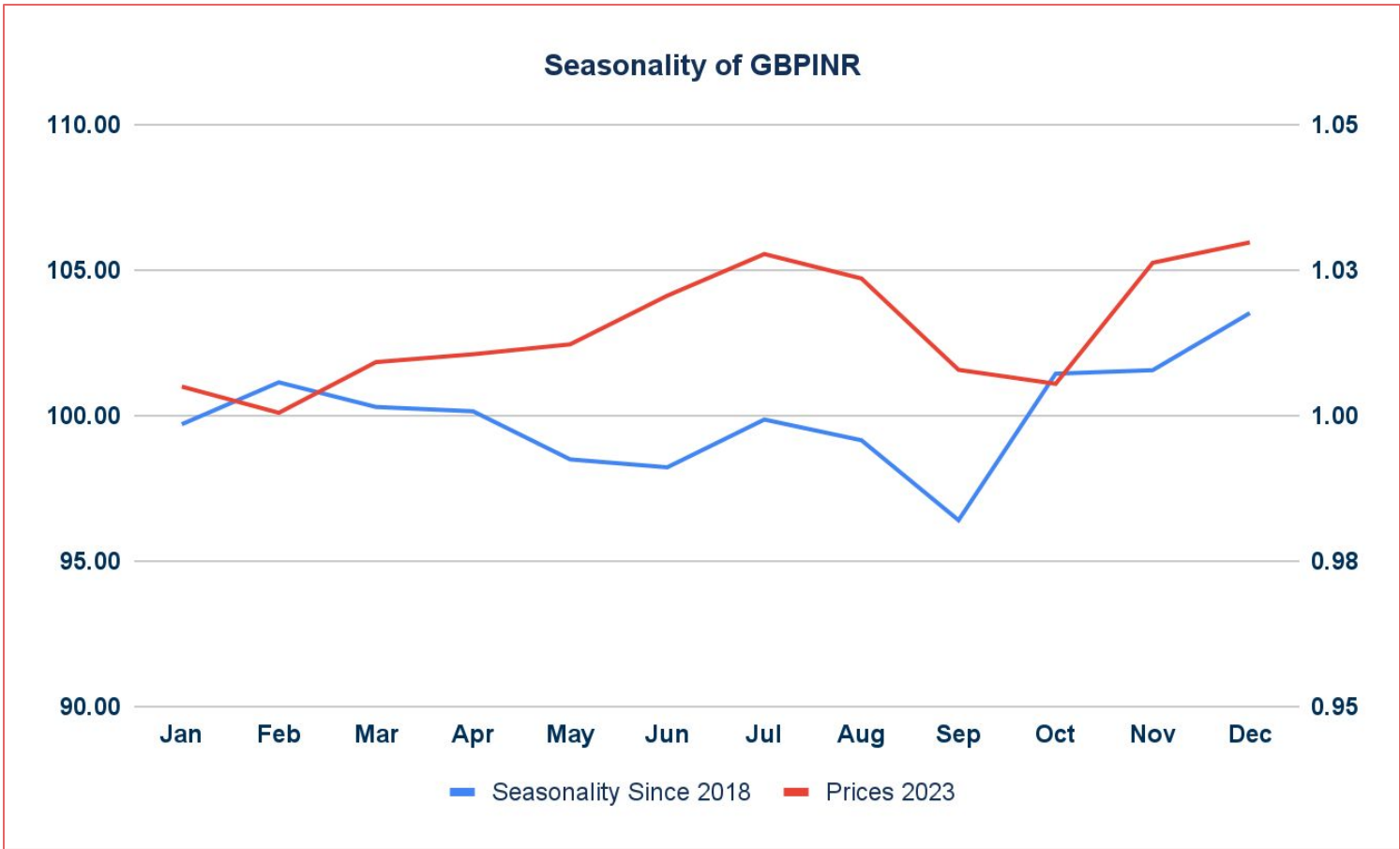
### Spread

Currency	Spread
JPYINR FEB-JAN	0.3400



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## Economic Data

Date	Curr.	Data
Jan 8	EUR	German Factory Orders m/m
Jan 8	EUR	German Trade Balance
Jan 8	EUR	Sentix Investor Confidence
Jan 8	EUR	Retail Sales m/m
Jan 8	USD	FOMC Member Bostic Speaks
Jan 9	EUR	German Industrial Production m/m
Jan 9	EUR	French Trade Balance
Jan 9	EUR	Italian Monthly Unemployment Rate
Jan 9	EUR	Unemployment Rate
Jan 9	USD	NFIB Small Business Index
Jan 9	USD	Trade Balance
Jan 9	USD	FOMC Member Barr Speaks
Jan 10	EUR	French Industrial Production m/m
Jan 10	EUR	Italian Retail Sales m/m
Jan 10	USD	Final Wholesale Inventories m/m

Date	Curr.	Data
Jan 10	USD	Crude Oil Inventories
Jan 11	USD	FOMC Member Williams Speaks
Jan 11	EUR	ECB Economic Bulletin
Jan 11	EUR	Italian Industrial Production m/m
Jan 11	USD	Core CPI m/m
Jan 11	USD	CPI m/m
Jan 11	USD	CPI y/y
Jan 11	USD	Unemployment Claims
Jan 11	USD	Natural Gas Storage
Jan 11	USD	30-y Bond Auction
Jan 12	USD	Federal Budget Balance
Jan 12	EUR	French Consumer Spending m/m
Jan 12	EUR	French Final CPI m/m
Jan 12	USD	Core PPI m/m
Jan 12	USD	PPI m/m

## News

Euro zone services activity could weaken further in the coming quarters due to rising interest rates but the impact on the sector may be more muted than on manufacturing, a European Central Bank study concluded. The currency bloc's manufacturing sector had been in recession for most of 2023, partly due to rapid ECB rate hikes, which were part of the central bank's efforts to contain runaway inflation. But demand for services remained relatively robust, boosting overall growth and puzzling some. This may change, however, as services activity tends to mirror manufacturing with a two-quarter lag, the ECB concluded. "The dynamics in manufacturing contain information relevant to the near-term dynamics in services, and thus for the rest of the economy," the ECB said in an Economic Bulletin article. "Manufacturing appears to lead services... whereas no clear leading relation can be established in the other direction." The ECB raised interest rates from deep in negative territory to a record high 4% in just over a year as an unexpected surge in inflation reverberated through the economy, pushing up costs for everything from energy and foods to services.

Federal Reserve Governor Michelle Bowman retreated from her persistently hawkish view, saying she now sees U.S. monetary policy as "sufficiently restrictive" and signaled her willingness to support eventual interest-rate cuts as inflation eases. "My view has evolved to consider the possibility that the rate of inflation could decline further with the policy rate held at the current level for some time," Bowman said in remarks prepared for delivery to the South Carolina Bankers Association 2024 Community Bankers Conference. Bowman had previously indicated she felt another rate hike would likely be needed to beat inflation, which by the Fed's preferred measure has fallen from 40-year highs in 2022 to around 2.6% as of November. "Should inflation continue to fall closer to our 2 percent goal over time, it will eventually become appropriate to begin the process of lowering our policy rate to prevent policy from becoming overly restrictive," Bowman said. The Fed last month held its policy rate steady in the 5.25% to 5.5% range, where it has been since last July, and signaled that its next move could be a reduction in the policy rate sometime in 2024.

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**KEDIA ADVISORY****KEDIA STOCKS & COMMODITIES RESEARCH PVT LTD****Mumbai, India****SEBI REGISTRATION NUMBER - INH000006156****For more details, please contact: +91 93234 06035 / 96195 51022****Email: [info@kediaadvisory.com](mailto:info@kediaadvisory.com)****Regd.Off.: 1, 2, 3 & 4, 1st Floor, Tulip Bldg, Flower Valley Complex, Khadakpada Circle,  
Kalyan-(W), Mumbai-421301**