

KEDIA ADVISORY

DAILY CURRENCY OUTLOOK

19 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	83.1775	83.2125	83.1325	83.1600	-0.02
USDINR	27-Feb-24	83.2800	83.2900	83.2200	83.2425	-0.01
EURINR	29-Jan-24	90.6300	90.7450	90.5375	90.6000	0.12
EURINR	27-Feb-24	90.7950	90.8850	90.6950	90.7500	0.11
GBPINR	29-Jan-24	105.4725	105.6350	105.3700	105.5050	0.04
GBPINR	27-Feb-24	105.5725	105.7075	105.4725	105.5900	0.06
JPYINR	29-Jan-24	56.2825	56.4375	56.2750	56.3525	-0.14
JPYINR	27-Feb-24	56.6600	56.7975	56.6325	56.7000	-0.15

Open Interest Snapshot

Currency	Expiry	% Change	% Oi Change	Oi Status
USDINR	29-Jan-24	-0.02	-2.63	Long Liquidation
USDINR	27-Feb-24	-0.01	21.89	Fresh Selling
EURINR	29-Jan-24	0.12	-2.52	Short Covering
EURINR	27-Feb-24	0.11	7.49	Fresh Buying
GBPINR	29-Jan-24	0.04	0.71	Fresh Buying
GBPINR	27-Feb-24	0.06	13.30	Fresh Buying
JPYINR	29-Jan-24	-0.14	0.66	Fresh Selling
JPYINR	27-Feb-24	-0.15	13.65	Fresh Selling

Global Indices

Index	Last	%Chg
Nifty	21462.25	-0.51
Dow Jones	37468.61	0.54
NASDAQ	15055.65	1.35
CAC	7401.35	1.13
FTSE 100	7459.09	0.17
Nikkei	36006.94	1.52

International Currencies

Currency	Last	% Change
EURUSD	1.0888	0.08
GBPUSD	1.2707	-0.02
USDJPY	148.26	0.09
USDCAD	1.3487	0.00
USDAUD	1.5193	-0.02
USDCHF	86.82	0.01

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Technical Snapshot



SELL USDINR JAN @ 83.25 SL 83.4 TGT 83.05-82.95.

Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	83.1600	83.25	83.21	83.17	83.13	83.09
27-Feb-24	83.2425	83.32	83.28	83.25	83.21	83.18

Observations

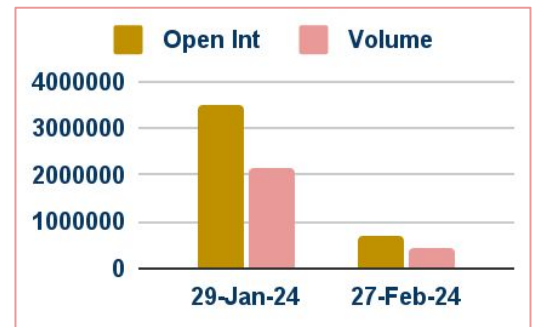
USDINR trading range for the day is 83.09-83.25.

Rupee little changed due to positive cues from Asian peers and dollar demand from foreign banks.

RBI Governor stated that inflation in India is moderating and growth prospects remain robust.

Fed's Waller emphasizes the need for methodical and careful rate cuts.

OI & Volume



Spread

Currency	Spread
USDINR FEB-JAN	0.0825

Technical Snapshot



BUY EURINR JAN @ 90.4 SL 90.2 TGT 90.65-90.8.

Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	90.6000	90.83	90.72	90.63	90.52	90.43
27-Feb-24	90.7500	90.97	90.87	90.78	90.68	90.59

Observations

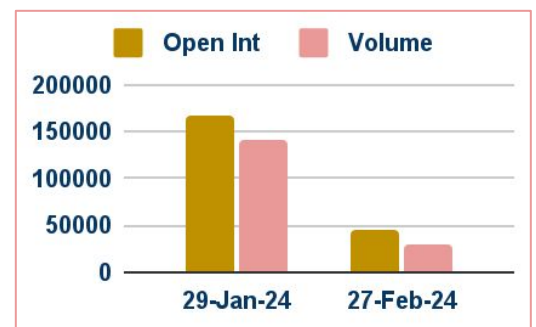
EURINR trading range for the day is 90.43-90.83.

Euro gains as risk sentiment improved, with the US dollar and Treasury yields pulling back

European Central Bank officials maintain hawkish tone at Davos

Euro Area's current account surplus widens sharply in November 2023

OI & Volume



Spread

Currency	Spread
EURINR FEB-JAN	0.1500

Technical Snapshot



BUY GBPINR JAN @ 105.4 SL 105.1 TGT 105.7-105.9.

Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	105.5050	105.76	105.63	105.50	105.37	105.24
27-Feb-24	105.5900	105.83	105.71	105.59	105.47	105.35

Observations

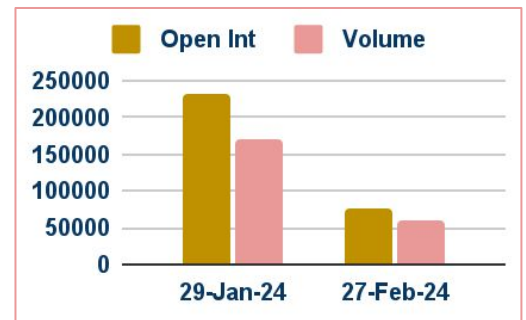
GBPINR trading range for the day is 105.24-105.76.

GBP steadied as hopes of an early rate cut by the BoE have waned.

UK Inflation remains stubbornly high due to higher fuel costs and seasonal airfare prices.

RICS UK Residential Market Survey house price balance improved in December 2023, highest reading since November 2022

OI & Volume



Spread

Currency	Spread
GBPINR FEB-JAN	0.0850

Technical Snapshot



SELL JPYINR JAN @ 56.4 SL 56.6 TGT 56.2-56.

Trading Levels

Expiry	Close	R2	R1	PP	S1	S2
29-Jan-24	56.3525	56.53	56.45	56.36	56.28	56.19
27-Feb-24	56.7000	56.88	56.79	56.71	56.62	56.54

Observations

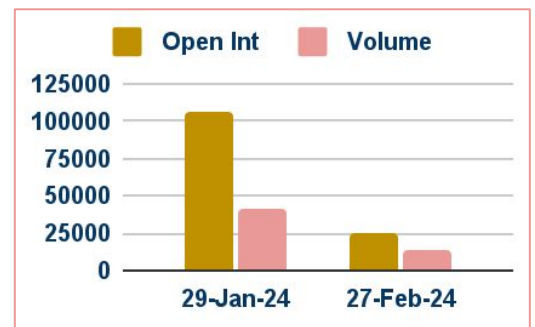
JPYINR trading range for the day is 56.19-56.53.

JPY dropped amid expectations that the BoJ will stick to its dovish stance in January

Japan's core machinery orders, fell 4.9% month-on-month in November 2023

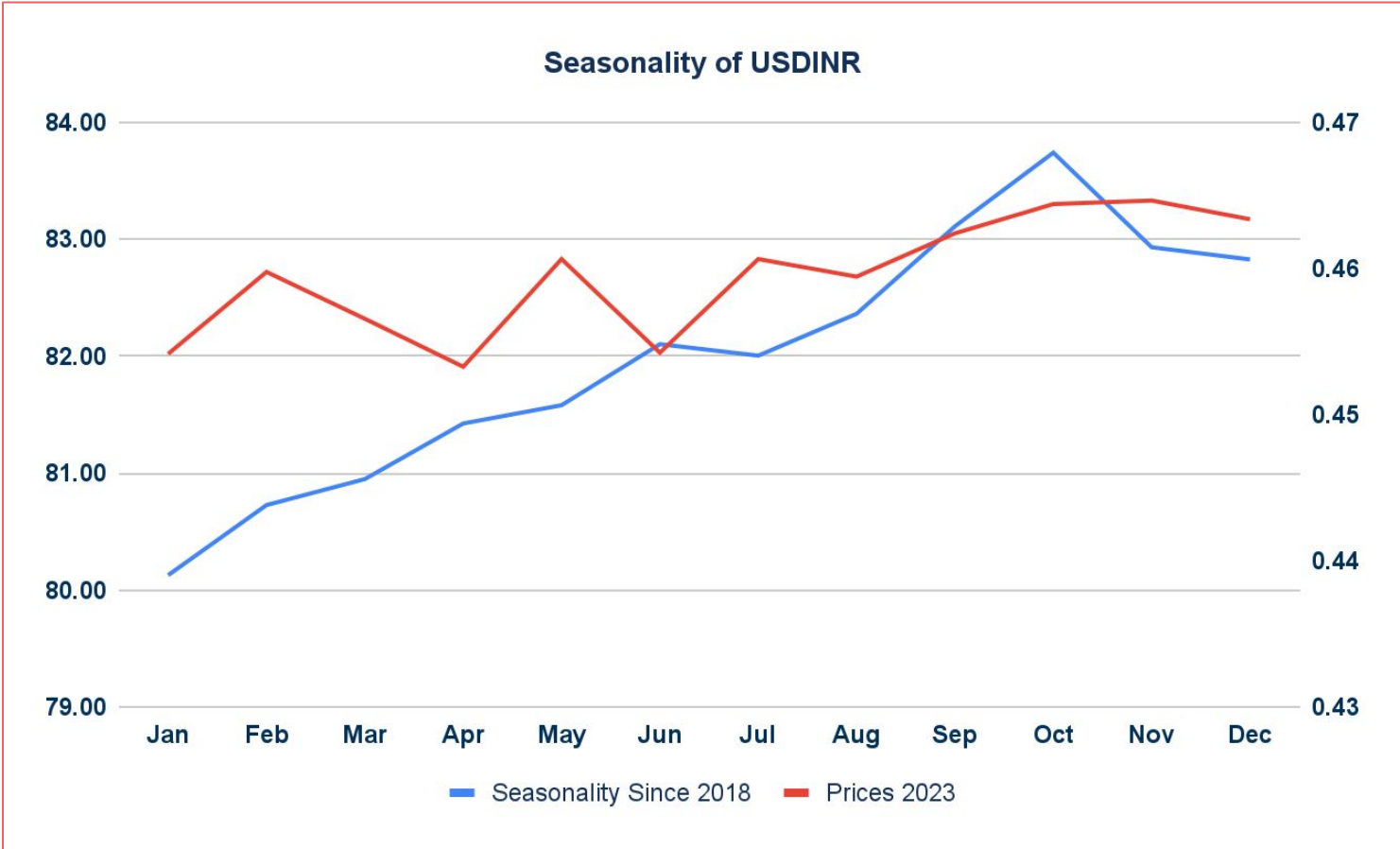
Upbeat US macro data further dashed expectations for an imminent shift in the Federal Reserve's policy stance as soon as March

OI & Volume



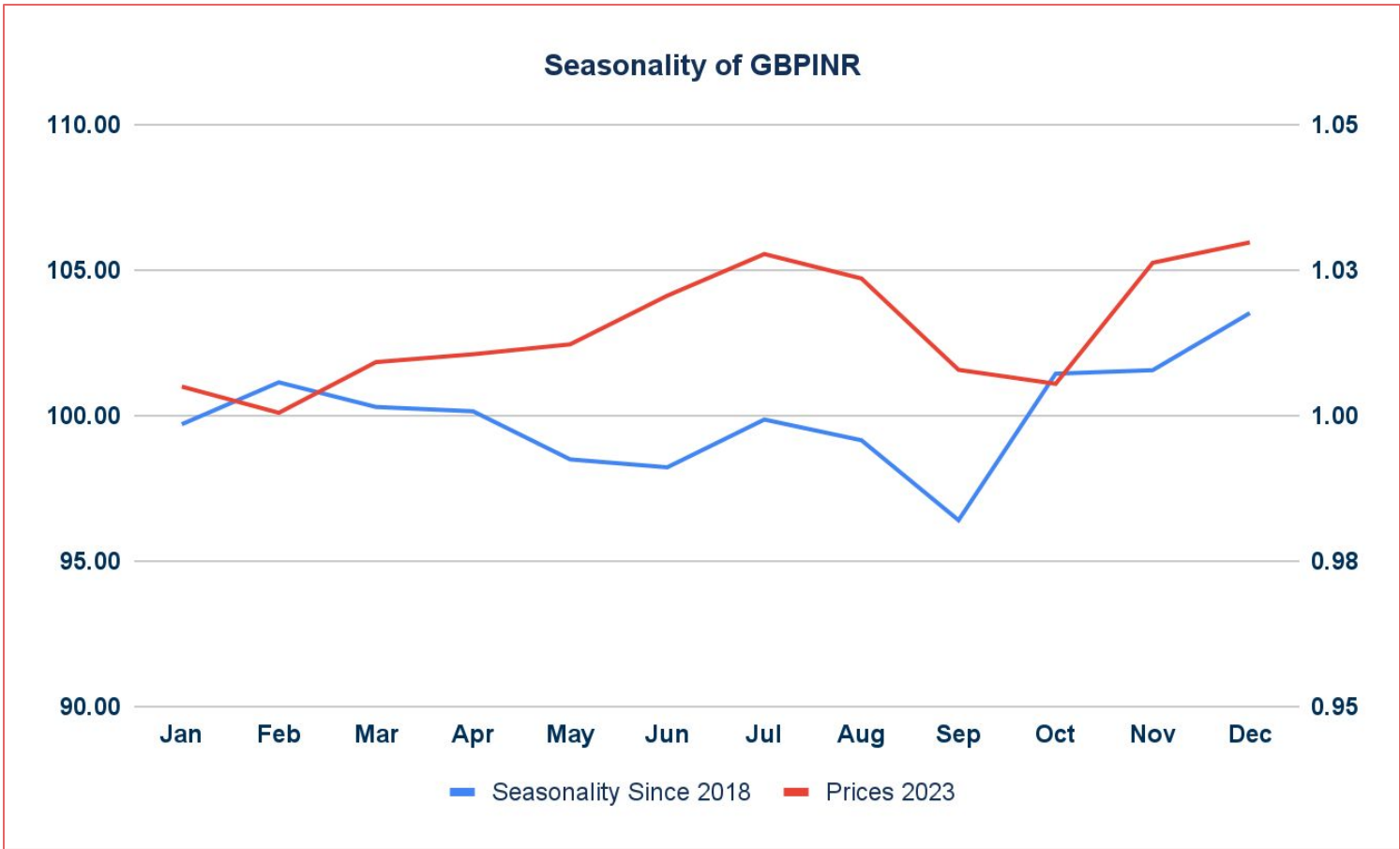
Spread

Currency	Spread
JPYINR FEB-JAN	0.3475



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Economic Data

Date	Curr.	Data
Jan 15	EUR	German WPI m/m
Jan 15	EUR	Italian Trade Balance
Jan 15	EUR	Industrial Production m/m
Jan 15	EUR	Trade Balance
Jan 16	EUR	German Final CPI m/m
Jan 16	EUR	German ZEW Economic Sentiment
Jan 16	EUR	ZEW Economic Sentiment
Jan 16	USD	Empire State Manufacturing Index
Jan 17	EUR	French Gov Budget Balance
Jan 17	EUR	Final Core CPI y/y
Jan 17	EUR	Final CPI y/y
Jan 17	USD	Core Retail Sales m/m
Jan 17	USD	Retail Sales m/m
Jan 17	USD	Import Prices m/m
Jan 17	USD	Industrial Production m/m

Date	Curr.	Data
Jan 17	USD	Capacity Utilization Rate
Jan 17	USD	Business Inventories m/m
Jan 17	USD	NAHB Housing Market Index
Jan 18	EUR	Current Account
Jan 18	USD	Unemployment Claims
Jan 18	USD	Building Permits
Jan 18	USD	Philly Fed Manufacturing Index
Jan 18	USD	Housing Starts
Jan 18	EUR	ECB President Lagarde Speaks
Jan 18	USD	Natural Gas Storage
Jan 18	USD	Crude Oil Inventories
Jan 19	EUR	German PPI m/m
Jan 19	USD	Prelim UoM Consumer Sentiment
Jan 19	USD	Existing Home Sales
Jan 19	USD	Prelim UoM Inflation Expectations

News

U.S. retail sales increased more than expected in December as consumers stepped up purchases of motor vehicles and retailers offered discounts, keeping the economy on solid ground heading into the new year. Retail sales rose 0.6% last month, the Commerce Department's Census Bureau said. Data for November was unrevised to show sales rising 0.3% as previously reported. Retail sales are mostly goods and are not adjusted for inflation. Households have maintained a healthy pace of spending, thanks to a relatively strong labor market. Though spending has cooled from the third quarter's brisk rate, it has been enough to keep a much-feared recession at bay. With the Federal Reserve expected to start cutting interest rates this year, most economists are confident that the economy will avoid a downturn. The U.S. central bank has hiked its policy rate by 525 basis points to the current 5.25%-5.50% range since March 2022. Excluding automobiles, gasoline, building materials and food services, retail sales jumped 0.8% last month. The so-called core retail sales measure corresponds most closely with the consumer spending component of GDP. November core sales were revised higher to show them rising 0.5% instead of 0.4% as previously reported.

Investor bets for European Central Bank rate cuts are excessive and possibly self-defeating because they could actually hold back monetary easing, Dutch central bank chief Klaas Knot told. Markets are betting on 140 basis points of rate cuts from the ECB this year, a drop from 150 basis points priced with the first move in March or April, a timeline several other policymakers have also called out. "Markets are getting ahead of themselves," Knot told. "We are optimistic that we have a credible prospect of a return of inflation to 2% in 2025 but a lot still needs to go well for that to happen." Knot also warned that the more the market eases financing conditions, thus undoing the central bank's work, the more likely it could delay actual rate cuts. "The more easing the markets has already done for us, the less likely we will cut rates, the less likely we'll add to it," Knot said. "There are expectations of our policy rate movements in current markets we will not vindicate." He warned that the labour market was "incredibly" tight and geopolitical risk also adds to inflation risks.

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