



FX INSIGHT- All eyes on US fiscal stimulus

Anindya Banerjee, CMT, CFTe, CCRA

VIEW

FX PAIR	POSITIONAL VIEW (1 to 2 MONTH)
USD/INR	Due to the expected liberal policies of new US President, FPI/FDI inflows can increase into India. This can steer USDINR DOWNSIDE, towards 72.50 levels on spot.
EUR/INR	Due to concerns of ECB over strong Euro and stringent virus lockdown being in place in Eurozone, EURINR may remain within a range of 88.00 and 90.00 levels on spot.
GBP/INR	Due to lack of fresh triggers, GBPINR may remain within a range for the next couple of months. Hence, selling closer to 101 is advised with stop above 101.50. At the same time, buying can be done, if prices drop near 98.50/80 levels.
JPY/INR	JPYINR has been stuck within a wide range of 69.00 and 72.00 since April. This range may not break soon. Interim support is near 70.40 and then 69.50

USD



1. Asian stocks are rising as news surfaced that **Biden administration may announce a \$2 trillion fiscal stimulus, higher than expected.** At the same time, **China has reported a 10% growth in its December export numbers.** To top it all, **Fed vice chairperson, Mr. Clarida has indicated that Fed may wait for inflation to be above 2% for at least a year before they hike rates.** Therefore, we have three positive news in a row for equities and also for the INR.
2. **Sell on rise in USDINR.** However, thanks to RBI intervention, USDINR continues to respect **72.80/73.00 support zone on spot.**
3. **Jan's futures support: 73.20 & 73.00. Resistance: 73.55 & 73.70**

EURO



1. Not only the ECB chief but also her colleague were out yesterday trying to jawbone the Euro lower. ECB seems to be getting concerned with a stronger Euro as it will surely impact economic growth and inflation expectation. This kind of jawboning may limit the upside in Euro for the time being.
2. EURINR is capped near 90.00 levels for the time being. Hence, call options can be sold with strikes above 90.00 with adequate stop losses.
3. Jan's futures support: 88.75 & 88.25. Resistance: 89.40 & 89.80.

GBP



1. There are no fresh dominant triggers in GBP right now. Therefore it may drift on account of risk trends and trend in US Dollar. Therefore, GBPUSD may oscillate within the channel shown in the chart above.
2. GBPINR may remain capped near 100.70/101.00 levels for the time being. Therefore, call options with strikes above 101 can be sold with adequate stop losses. For fresh buying, one needs to wait for prices to drift down towards 99.20/40 levels.
3. Jan's futures support: 99.70 & 99.20. Resistance: 100.40 & 100.80.

JPY



1. For JPYINR continues to respect the broad range of 69.00 and 72.00. One day this range will break but it may require some major change in the macro economy and financial markets for that to happen.
2. For near term, 70.45/55 region on Jan futures remains a key support zone. Buy on decline, with stop below 70.40 on a daily closing basis. Target 71.50/60. **But, if prices begin to close below that level, then it can be sold for 69.00/69.20 zone.**

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