

HDFC securities Retail Research Currency Monthly

April 2021



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Currency Movements

Currency	Mar.'21	Feb.'21	Chg.	% Chg.
DXY Index	93.232	90.879	2.353	2.59%
EURUSD	1.173	1.208	-0.035	-2.86%
GBPUSD	1.378	1.393	-0.015	-1.08%
USDJPY	110.72	106.57	4.150	3.89%
USDINR	73.113	73.465	-0.353	-0.48%
EURINR	85.779	89.104	-3.325	-3.73%
GBPINR	100.766	102.435	-1.669	-1.63%
JPYINR	66.080	68.950	-2.870	-4.16%
1M USDINR NDF	73.530	74.300	-0.770	-1.04%

RBI Reference Rate

Currency	Mar.'21	Feb.'21	Chg.	% Chg.
USDINR	73.5047	73.0408	0.4639	0.64%
EURINR	86.0990	88.7967	-2.6977	-3.04%
GBPINR	100.9509	101.8953	-0.9444	-0.93%
JPYINR	66.3600	68.7800	-2.4200	-3.52%

India 10 Year G-Sec.

Instrument	Mar.'21	Feb.'21	Chg.
GS2030	6.1660	6.2330	-0.0670

April: The Month of Central Bank

- » April month is expected to remain volatile for the forex market traders as there will be monetary policy meeting from RBI, ECB, BoJ and Federal Reserve (FOMC) along with other economic data.
 - Indian central bank (**RBI**) may extend its commitment to keeping an accommodative stance, leaving rates unchanged but trying to add support to the recovery. The policy outcome is scheduled on April 7.
 - **ECB** may remain dovish as GDP contracted in 4Q, industrial production has failed to maintain its earlier momentum following surge in Covid19 infections. President Christine Lagarde also affirmed the ECB's determination to keep borrowing cost low by announcing "a significantly higher page" of bond purchases in 2Q.
 - **BoJ** has made several changes to its framework that increases its flexibility and durability to reflate the economy in last meeting so April meeting could be non-events.
 - **US Federal Reserve** may continue to hold the course as Chair Powell stated that it is not time to discuss the exit. Following the recent \$1.9tn stimulus package, the Biden administration is now turning its sights away from economic aid and towards structural investment designed to boost growth prospects by \$3.9tn infrastructure package.
- » Indian rupee consolidated for the third consecutive month in the range of 73.80 to 72.30 before settling at 73.11 a dollar, up by half a percentage point. Interesting things happened on quarterly basis as it has formed bullish doji candlestick pattern, after three bearish quarterly candles, indicating probable trend reversals. Also, historically the April month is considered to be a bearish month for rupee as out of last 10 years it had fallen six times with average loss of 0.56% against American Dollar. Looking at the historical price behaviour and technical set-up, we believe rupee could remain under pressure in this month and expected to trade in the range of 74.90 to 72.70 a dollar.
- » In the Fiscal Year 2020-21, Indian rupee gained 3.33% to 73.11 following strong foreign fund inflows. Foreign institutions have poured in \$36.18 billion while country's forex kitty up by \$103.73 billion to \$579.29 billion in fiscal year ending March '21.
- » Looking at the high frequency data of US and unwinding of dollar short position, we could see upward momentum in dollar against major currencies to continue this month as well.

USDINR Continues Future Weekly Chart



Technical Observations:

- » USDINR near month futures has falling trend line resistance at 74 odd levels and support at 72.30.
- » The pair closed well above short term moving average while having resistance at 50 DMA at 74.20.
- » Momentum oscillator, Relative Strength Index of 14 week periods heading higher with positive cross over indicating upward momentum.
- » MACD line flattened below zero line which is suggesting consolidation.
- » The above technical evidences suggest bullishness for the USDINR April futures and expected head towards 74 odd levels.
- » **Monthly Range : 74.50 to 72.80.**

EURINR Continues Future Weekly Chart



Technical Observations:

- EURINR near month futures broken the 50 Weeks Moving average support. The pair has support at 85.40, the 38.2% retracement adjoining level of 77.24 and 90.48.
- Momentum oscillator, Relative Strength Index of 14 heading towards oversold zone. MACD also placed below zero line with negative cross over and histogram indicating selling momentum.
- The pair has support at 83.06, the 100 week Moving average and resistance at 87.60 200 days moving average.
- Near term trend for EURINR April futures remains bearish and selling can escalate below 85.
- **Monthly Range : 88.50 to 83.90**

GBPINR Continues Future Weekly Chart



Technical Observations:

- GBPINR near month futures has support of 20 Week Moving Average at 100.09. The primary trend for pair remains bullish amid higher top higher bottom formation on daily and weekly time frame.
- The pair is expected to hold bullish momentum until it breaks below 97.30.
- Momentum Oscillators and Indicators on daily and weekly charts are positive.
- The above technical evidences suggest continuation of bullish trend with higher side resistance at 103.43 and support at 97.30.
- **Monthly Range : 98.00 to 103**

JPYINR Continues Future Weekly Chart



Technical Observations:

- JPYINR futures trend remains bearish with any short covering bounce used to make fresh short sell.
- The short term moving averages are placed below medium term moving averages suggesting down trend.
- Momentum oscillator, RSI on weekly chart entered in oversold zone which is suggesting consolidation before heading lower. MACD and MACD average gap widening and placed below zero line suggesting continuation of down trend.
- We remain bearish in JPYINR April futures and expect pair to head towards 64 odd levels after some short covering bounce.
- **Monthly Range : 68.50 to 64**

Dollar Index Weekly Chart



- »» Dollar index closed well above 200 DMA and has resistance at 50 Weeks MA at 93.70.
- »» Momentum oscillators and indicators has been heading north suggesting positive momentum.
- »» The set-up is bullish with higher side open for 95 and support at 91.50

EURUSD Weekly Chart



- »» EURUSD took support at 50 weeks moving average. The pair has support at 1.16, the bottom of November month.
- »» Momentum oscillators and indicators on daily and weekly charts turned weak.
- »» Down side it has support at 1.16 and resistance at 1.20.

GBPUSD Weekly Chart



- GBPUSD has been trading bullish with holding support of 20 Weeks MA and rising trend line (as shown in above chart)
- The formation of higher top and bottom on weekly chart indicating continuation of up trend. While overbought situation on weekly chart may slower the strength in coming weeks.
- It has support at 1.35 and resistance at 1.43

USDJPY Weekly Chart



- USDJPY expected to trade with positive bias and we could see 100 DMA crossing 200 DMA upward in coming days.
- Momentum oscillators and indicators suggesting continuation of upward momentum in coming weeks.
- The pair has support at 107, the 100 Week MA and resistance at 112.25, the high of February 2020.

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Currency Derivative Price Actions

Currency	Monthly High	Monthly Low	Monthly Close	Monthly Chg.	Monthly % Chg.	Open Interest (March)	Monthly Open Interest Chg.	Volume (March)	Monthly Volume Chg.
NSE INRUSD Future Apr21	74.5000	72.7825	73.4150	-1.1375	-1.53%	3360425	2381663	243%	3795326
NSE EURINR Future Apr21	90.0100	85.8600	86.2375	-4.0800	-4.52%	89029	28152	46%	157786
NSE GBPINR Future Apr21	103.9800	100.0425	101.0800	-2.5300	-2.44%	125135	52054	71%	282168
NSE JPYINR Future Apr21	69.8075	66.3700	66.4375	-3.5600	-5.09%	33166	29906	917%	56420
NSE EURUSD Fut Apr21	1.2126	1.0941	1.1745	-0.0427	-3.51%	2192	--	--	1080
NSE GBPUSD Fut Apr21	1.4093	1.3664	1.3770	-0.0183	-1.31%	1446	1444	72200%	2499
NSE USDJPY Fut Apr21	110.71	106.29	110.45	4.31	4.06%	1102	--	--	152

Technical Levels

Currency	Resi.2	Resi.1	Pivot	Supt.1	Supt.2	8 DEMA	21 EMA	50 EMA	UPPER BOLL	LOWER BOLL	RSI
NSE INRUSD Future Apr21	75.28	74.35	73.57	72.63	71.85	73.28	73.32	73.61	74.00	72.62	50.75
NSE EURINR Future Apr21	91.52	88.88	87.37	84.73	83.22	86.62	87.31	88.26	88.92	85.75	32.71
NSE GBPINR Future Apr21	105.64	103.36	101.70	99.42	97.76	101.01	101.37	101.37	102.99	100.06	46.42
NSE JPYINR Future Apr21	70.98	68.71	67.54	65.27	64.10	66.95	67.59	68.81	68.87	66.05	27.66
NSE EURUSD Fut Apr21	1.2789	1.2267	1.1604	1.1082	1.0419	1.1821	1.1910	1.1999	1.2090	1.1733	30.01
NSE GBPUSD Fut Apr21	1.4271	1.4021	1.3842	1.3592	1.3413	1.3787	1.3834	1.3788	1.4007	1.3697	45.26
NSE USDJPY Fut Apr21	113.57	112.01	109.15	107.59	104.73	109.48	108.53	107.02	110.47	107.01	83.26

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NAME	CLOSE	1 DAY (%)	5 DAY (%)	1 MONTH (%)	3 MONTH (%)	6 MONTH (%)	YTD (%)
DOLLAR INDEX SPOT	93.022	0.10	0.28	(0.23)	3.43	(0.88)	3.43
Euro Spot	1.1759	(0.15)	(0.30)	0.25	(3.99)	0.37	(3.74)
British Pound Spot	1.3832	(0.01)	0.31	0.36	1.92	6.93	1.19
Japanese Yen Spot	110.69	(0.06)	(0.95)	0.03	(6.83)	(4.88)	(6.72)
Indian Rupee Spot	73.1125	0.37	(0.76)	0.00	(0.07)	0.89	(0.07)
Brazilian Real Spot	5.7091	(1.32)	(1.07)	(1.32)	(8.94)	(1.10)	(8.94)
Australian Dollar Spot	0.761	(0.09)	(0.35)	0.16	(0.72)	6.27	(1.09)
South Korean Won Spot	1127.5	0.40	0.16	0.39	(4.04)	3.73	(3.65)
S. African Rand Spot	14.674	(0.35)	2.12	0.69	0.35	12.64	0.14
Canadian Dollar Spot	1.2578	(0.24)	(0.01)	(0.13)	1.59	5.80	1.17
Swiss Franc Spot	0.9423	(0.02)	(0.34)	0.14	(6.45)	(2.30)	(6.06)
China Renminbi Spot	6.567	(0.03)	(0.39)	(0.22)	(1.61)	3.41	(0.61)
Indonesian Rupiah Spot	14525	0.00	(0.67)	0.00	(3.27)	2.13	(3.27)
Gold Spot \$/Oz	1728.87	(0.03)	(0.21)	1.24	(11.02)	(9.00)	(8.93)
Silver Spot \$/Oz	25.0098	0.16	(0.20)	2.43	(8.17)	5.37	(5.27)
WTI CRUDE FUTURE May21	61.45	3.87	4.94	3.87	26.21	50.61	26.21
Nifty 50	14867.4	1.20	2.19	1.20	6.06	30.22	6.33
S&P BSE SENSEX INDEX	50029.8	1.05	1.73	1.05	4.51	29.29	4.77
DOW JONES INDUS. AVG	33153.2	0.52	1.64	0.52	8.32	19.76	8.32
S&P 500 INDEX	4019.9	1.18	2.82	1.18	7.02	20.05	7.02
NASDAQ COMPOSITE	13480.1	1.76	3.87	1.76	4.59	21.72	4.59
FTSE 100 INDEX	6737.3	0.35	0.94	0.35	4.28	14.15	4.28
CAC 40 INDEX	6103.0	0.59	2.53	0.59	9.94	26.49	9.94
DAX INDEX	15107.2	0.66	3.32	0.66	10.12	19.06	10.12
NIKKEI 225	29854.0	1.58	2.32	2.31	9.92	28.06	8.78
HANG SENG INDEX	28938.7	1.97	3.72	1.97	6.27	23.36	6.27
SHANGHAI SE COMPOSITE	3484.4	0.52	1.93	1.23	(1.26)	8.28	0.33

Economic Calendar : April 2021



Monday	Tuesday	Wednesday	Thursday	Friday
5 April	6 April	7 April	8 April	9 April
UK, EU: Easter Monday Holiday Japan, India: Manufacturing PMI US: ISM Service, Factory & Durable Goods Orders	China: Service PMI EU: Unemployment Rate	India: RBI Policy India, EU,UK: Service PMI US: Trade Balance, FOMC Minutes	Japan: BoP UK: Construction PMI US: Initial & Continuing Claims	China: CPI
12 April	13 April	14 April	15 April	16 April
China : Tomb Sweep Holiday UK: IIP, Trade Balance EU: Retail Sales India: CPI, IIP	India : Gudi Padva Holiday China: Trade Balance US: CPI	India: Dr. Ambedkar Jayanti Holiday India: WPI EU: IIP US: MBA Mortgage	India: Trade Balance US: Initial & Continuing Claims, IIP, Capacity Utilisation, Empire Mfg.	China: GDP, IIP, Retail Sales EU: Trade Balance, CPI US: Building Permits, Housing Starts
19 April	20 April	21 April	22 April	23 April
Japan: Trade Balance, IIP EU: Current Account	China: LPR Rate UK: Claimant & Jobless Claims	India : Ram Navmi Holiday UK: CPI, HPI US: MBA Mortgage	EU: ECB Meeting US: Initial & Continuing Claims, Existing Home Sales	Japan: Natl CPI US: New Home Sales
26 April	27 April	28 April	29 April	30 April
US: Durable Goods Orders	Japan: BoJ Meeting China: Industrial Profit	US : FOMC Meeting Japan: Retail Sales	Japan: Showa Holiday EU: Consumer Confidence US: Durable Goods, Initial & Continues Jobless Claims, GDP , Core PCE	Japan: IIP, PMI, Housing Starts China: Official Mfg. & Service PMI EU: Unemployment, Core CPI, GDP India: Eight Core, US: Personal Income & Spending, PCE Core

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