

HDFC securities Retail Research Currency Daily

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Currency Movements

Particular	Current Price	Prev. Close	Chg.	% Chg.
USDINR	72.6212	72.4362	0.1850	0.26%
DXY Index*	89.7650	90.0510	-0.2860	-0.32%
EURUSD*	1.2232	1.2191	0.0041	0.34%
GBPUSD*	1.4237	1.4179	0.0058	0.41%
USDJPY*	109.39	109.68	-0.29	-0.26%
USDINR 1M NDF*	72.87	72.92	-0.0500	-0.07%

Global Equity Markets

Particular	Current Price	Prev. Close	Chg.	% Chg.
Nifty	15582.8	15435.7	147.2	0.95%
Sensex	51937.4	51422.9	514.6	1.00%
Hang-Seng	29183.8	29151.8	32.0	0.11%
Nikkei	28768.1	28860.1	-92.0	-0.32%
Shanghai	3604.1	3615.5	-11.4	-0.31%
S&P Index	4204.1	4200.9	3.2	0.08%
Dow Jones	34529.5	34464.6	64.8	0.19%
Nasdaq	13748.7	13736.3	12.5	0.09%
FTSE	7022.6	7019.7	2.9	0.04%
CAC	6447.2	6484.1	-36.9	-0.57%
DAX	15421.1	15520.0	-98.9	-0.64%

* Prev. Close 5pm IST

Rupee to start a new month on the front foot

- » Rupee expected to open slightly higher following foreign fund inflows and risk-on sentiments. The one month forward USDINR is quoting 5 paise lower from yesterday's 5pm (IST) level. Traders remained cautious ahead of central bank's policy meeting scheduled on Friday while better than expected growth number could be the reason to open higher for rupee. However, market is already looking beyond the numbers as April to June quarter number might be disappointing following surge in record virus cases and lockdown. Today's number of manufacturing PMI for will be looked in to for future path of growth.
- » Indian rupee snapped three days winning streak and drops of 0.26% to 72.62 a dollar, most in Asia as market speculated over possible intervention by the central bank.
- » Technically, spot USDINR is having support at 72.27 and resistance at 72.30 with bearish bias.
- » Indian bonds decline after the government announced extra debt sales of 1.58t rupees (\$22b) for the current financial year to compensate states for a shortfall in nationwide consumption-tax collections. India's economy expanded faster than expected last quarter before a resurgent coronavirus pandemic unleashed a new wave of challenges. Gross domestic product rose 1.6% from a year earlier in the three months ended March, the number marks the second straight quarter of expansion following a rare recession. However, the economy was into an unprecedented 7.3% contraction for the full fiscal year ended March.
- » The dollar is starting a new month on the back foot and the weakness is most notable against G-10 peers and Asian currencies. The pound is breaking to a 3-year high and the yuan is showing resilience in the face of PBOC tweaks. Seasonality favors an extended path lower for the dollar. The Dollar index has dropped in eight of the past 10 months of June.
- » China forced banks to hold more foreign currencies in reserve for the first time in more than a decade, its most substantial move yet to rein the surging yuan. The nation's financial institutions will need to hold 7% of their foreign exchange in reserve from June 15. The move effectively reduces the supply of dollars and other currencies onshore, putting pressure on the yuan to weaken.

USDINR June Daily Chart



Technical Observations:

- » USDINR June futures formed inside candle suggesting consolidation. The pair has been trading well below short term moving averages.
- » Momentum oscillator, RSI of 14 days period given positive cross over and exited from oversold zone which could be first sign of reversal but for the confirmation price need to be above 73.30 level.
- » USDINR June futures expected to trade with bearish bias and selling below 72.25 push towards 72 level while 73.30 remains near term resistance.

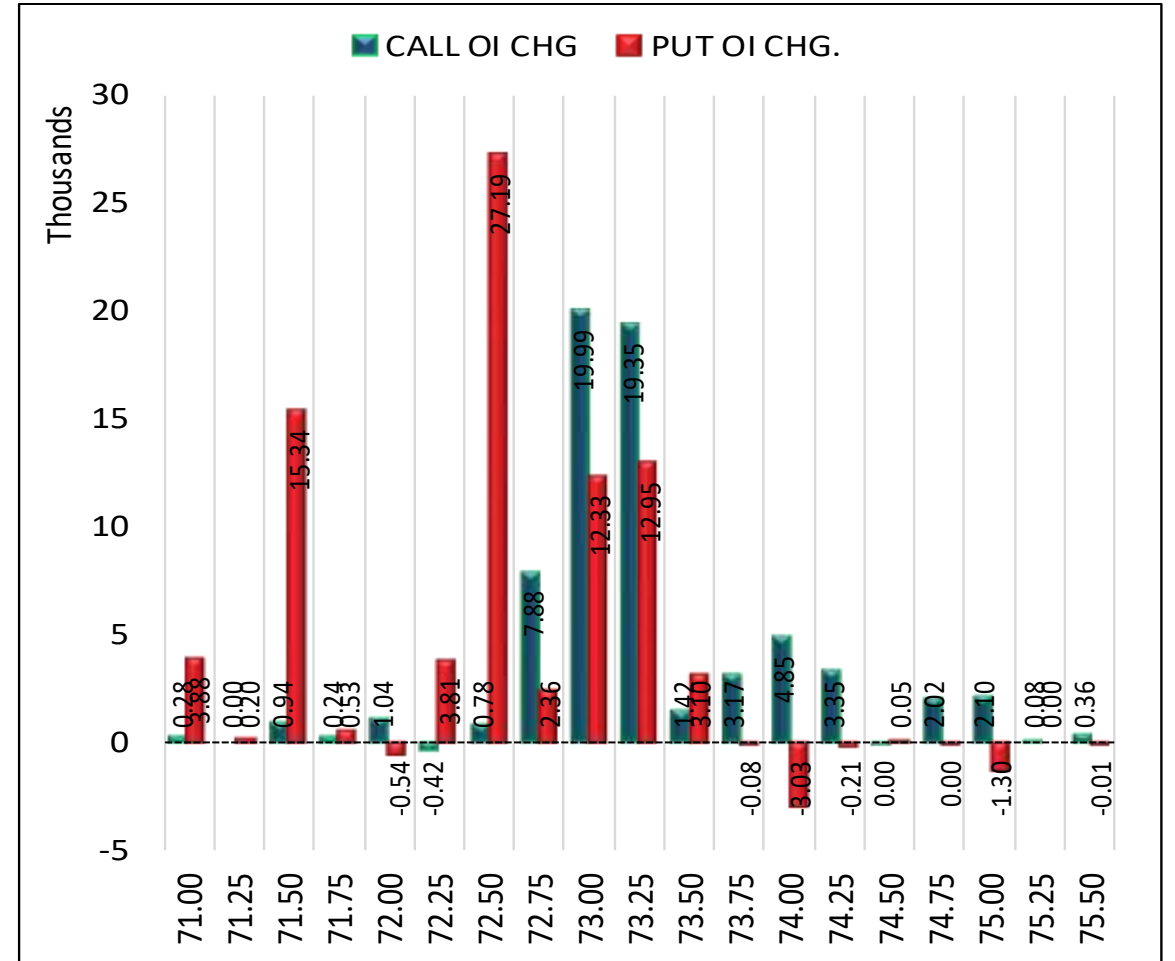
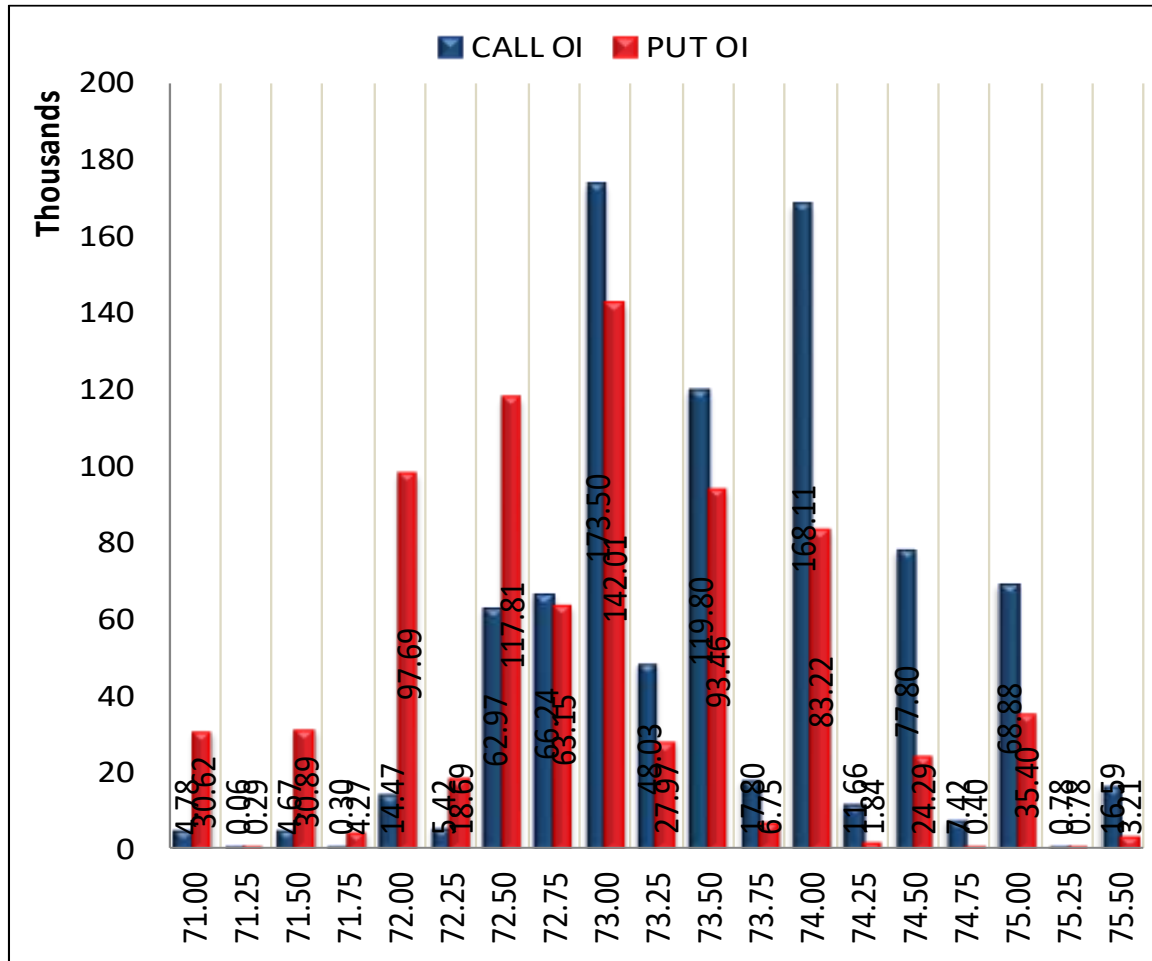
Currency Derivative Price Actions

Currency Pairs	Open	High	Low	Close	Chg.	Open Interest	Chg. In OI	Volume	Chg.in Volume
NSE INRUSD Future Jun21	72.8000	72.9700	72.6700	72.8950	0.11	2566027	-30628	1881884	-1286249
NSE EURINR Future Jun21	88.7025	88.9725	88.6725	88.8725	0.19	102653	3648	118280	-18552
NSE GBPINR Future Jun21	103.4675	103.4675	103.1450	103.2800	0.09	132403	6003	205742	-26230
NSE JPYINR Future Jun21	66.3450	66.5400	66.3000	66.4800	0.34	31992	-3431	37389	-7451
NSE EURUSD Fut Jun21	1.2208	1.2208	1.2186	1.2186	0.05	3624	1046	1244	-579
NSE GBPUSD Fut Jun21	1.4186	1.4191	1.4163	1.4171	0.04	2767	69	252	-710
NSE USDJPY Fut Jun21	109.56	109.72	109.56	109.66	-0.17	108	-2	68	-25

Technical Levels

Currency Pairs	LAST	PIVOT	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3	5 DMA	20 DMA
NSE INRUSD Future Jun21	72.90	72.85	72.07	72.55	72.72	73.02	73.15	73.32	73.02	73.78
NSE EURINR Future Jun21	88.87	88.84	88.07	88.54	88.71	89.01	89.14	89.31	89.15	89.63
NSE GBPINR Future Jun21	103.28	103.30	102.50	102.98	103.13	103.45	103.62	103.77	103.36	103.77
NSE JPYINR Future Jun21	66.48	66.44	65.82	66.20	66.34	66.58	66.68	66.82	66.82	67.64
NSE EURUSD Fut Jun21	1.2186	1.2193	1.2142	1.2171	1.2179	1.2201	1.2215	1.2223	1.2195	1.2148
NSE GBPUSD Fut Jun21	1.4171	1.4175	1.4107	1.4147	1.4159	1.4187	1.4203	1.4215	1.4156	1.406895
NSE USDJPY Fut Jun21	109.66	109.65	109.24	109.49	109.57	109.73	109.81	109.89	109.27	109.11

USDINR June Month Option Distribution



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