

HDFC securities Retail Research

Currency Insights Weekly

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Currency Movements

Currency	04-Jun-21	28-May-21	Chg.	% Chg
DXY Index	90.136	90.031	0.105	0.12%
EURUSD	1.217	1.219	-0.003	-0.21%
GBPUSD	1.416	1.419	-0.003	-0.22%
USDJPY	109.52	109.85	-0.330	-0.30%
USDINR	73.000	72.436	0.564	0.78%
EURINR	88.445	88.287	0.157	0.18%
GBPINR	103.131	102.745	0.386	0.38%
JPYINR	66.290	65.950	0.340	0.52%
1M USDINR NDF	73.160	72.740	0.420	0.58%

RBI Reference Rate

Currency	04-Jun-21	28-May-21	Chg.	% Chg
USDINR	73.0266	72.4767	0.5499	0.76%
EURINR	88.4459	88.2307	0.2152	0.24%
GBPINR	102.9636	102.7724	0.1912	0.19%
JPYINR	66.2500	65.9600	0.2900	0.44%

India 10 Year G-Sec.

Instrument	04-Jun-21	28-May-21	Chg.
GS2030	6.0290	6.0040	0.0250

Dollar gains without support of data

- »» Indian rupee witnessed short covering rally after gaining for five-weeks in row following rebound in dollar index and unwinding of carry trade as forward premiums declined. Forex markets remained calm after central bank's hold interest and stance as per the expectation while inclusion of state bond in GSAP-2 disappointed bond traders. Looking at the short term picture, rupee may continue to take cues from dollar index and foreign fund flows. On Friday, the dollar index has taken a leg lower after the US economic headline print failed to spark the imagination of real rates and inflation expectations. The impact of the same has been yet to seen on domestic rupee.
- »» In the week gone, spot USDINR fell 0.80% or 56 paise to 73 level, recovered after fell for the five weeks in row mainly on back of stronger dollar, higher crude oil prices and weaker economic data. As the virus cases started declining, the economic could see some rebound from second half of the month with ease in restriction and lockdown. The series of IPO and risk on sentiments could attract foreign fund inflows which in support the rupee.
- »» Spot USDINR continues to resist around 73.30, the 100 days simple moving average while expected to hold the support in the range of 72.77 to 72.25. Short term bias for the pair remains bearish following weaker broad based dollar index and foreign fund inflows.
- »» India's foreign exchange reserves rose by \$ 5.271 billion to \$598.165 billion touched a record high, from \$592.894 billion reported for the week ended May 21, as per the RBI's weekly statistics.
- »» CFTC Data: The flows were also pretty mixed in the week gone with traders bought euros (5.3k), yen (3k), CAD (4k) and CHF (1.5k), while sold sterling (6.5k), Aussie (1.1k) and kiwi (2.7k). The aggregate dollar short increased by about \$700 million.
- »» Friday's below estimates US May employment numbers stand to set the tone for the weeks ahead. Dollar likely to trade left next week, when May inflation numbers in the US may come in at 4.8% and further dampen the dollar real rate. Central bankers will take center stage in the rest of G10 with ECB will struggle to sound any more dovish amid rising tapering speculation.

USDINR June Futures Daily Chart



Technical Observations:

- » USDINR June futures formed “Doji candlestick” pattern on daily chart near resistance of 21 DEMA.
- » The pair unable to cross the resistance of 100 DMA.
- » Momentum oscillator, RSI has been turned weak after reaching 50 levels.
- » Momentum indicator, DMI also remained weak after last week’s gains.
- » The above technical evidence suggesting recent surge in the pair was on back of short covering after recent down fall.
- » USDINR June futures expected to remain under pressure until it cross the level of 73.70 while on downside we could see 72.60 act as strong support.

EURINR June Futures Daily Chart



Technical Observations:

- EURINR June futures closed at 100 days simple moving average support. However, the pair is broadly trading in the range of 88.50 to 90 since last one month, lacking the clear trend.
- Momentum oscillator, RSI of 14 days period placed below 50 level with negative cross over.
- Momentum indicator, ADX also flatten and weaken on daily chart.
- Looking at the above technical evidences, we remain neutral to bullish in EURINR June future in short term while medium term trend remains bullish.
- Swing trading can use the band of 88.50 to 90 for trading by keeping small stop loss above price band.

GBPINR June Futures Daily Chart



Technical Observations:

- »» GBPINR June future has been forming lower high with double bottom support at 102.46.
- »» The pair has formed three Doji candlestick on weekly chart indicating indecisiveness among traders.
- »» The pair has been swinging near short term moving averages indicating near term consolidation. It has been holding support of 100 days simple moving average.
- »» Momentum oscillators and indicators placed above breakeven line indicating consolidation in bullish trend.
- »» GBPINR June futures expected to trade in the range of 104.25 to 102.46 range with bias remaining bullish till it holds the support of 102.46.

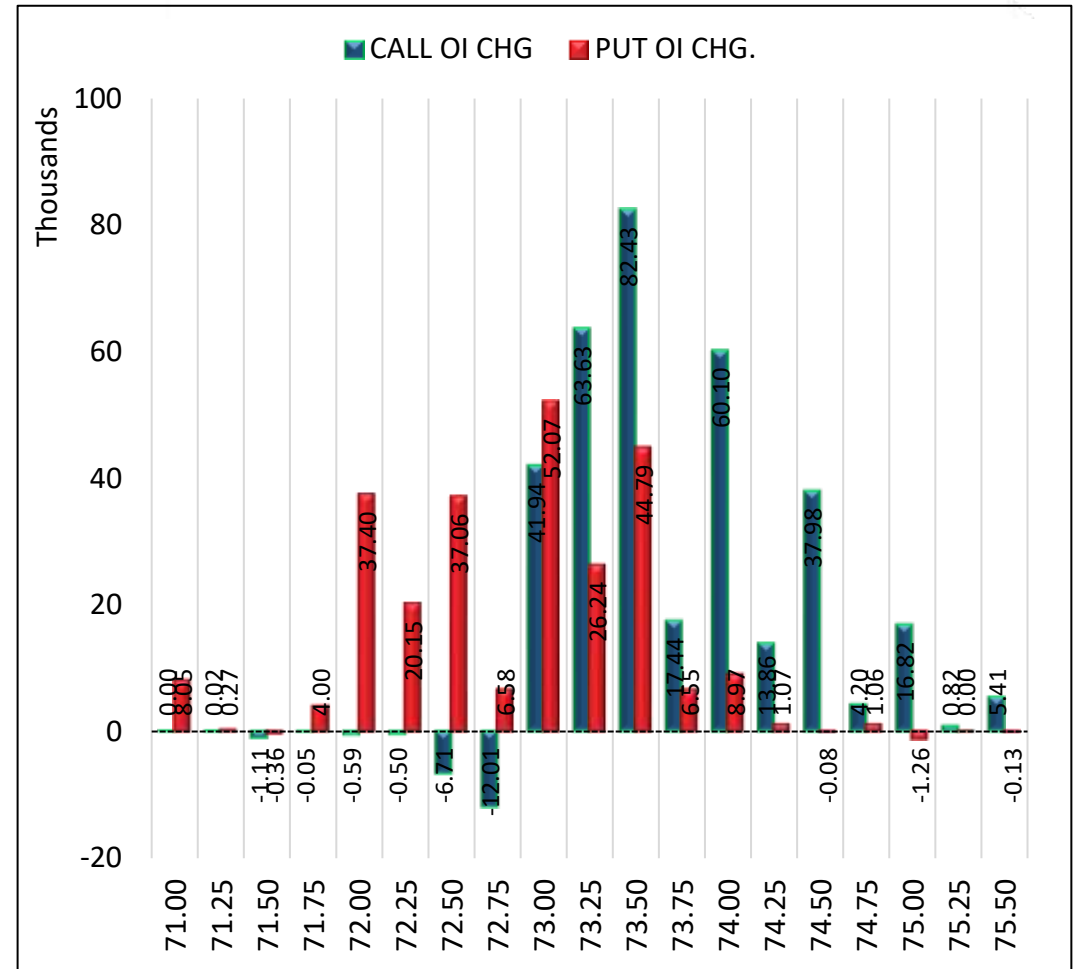
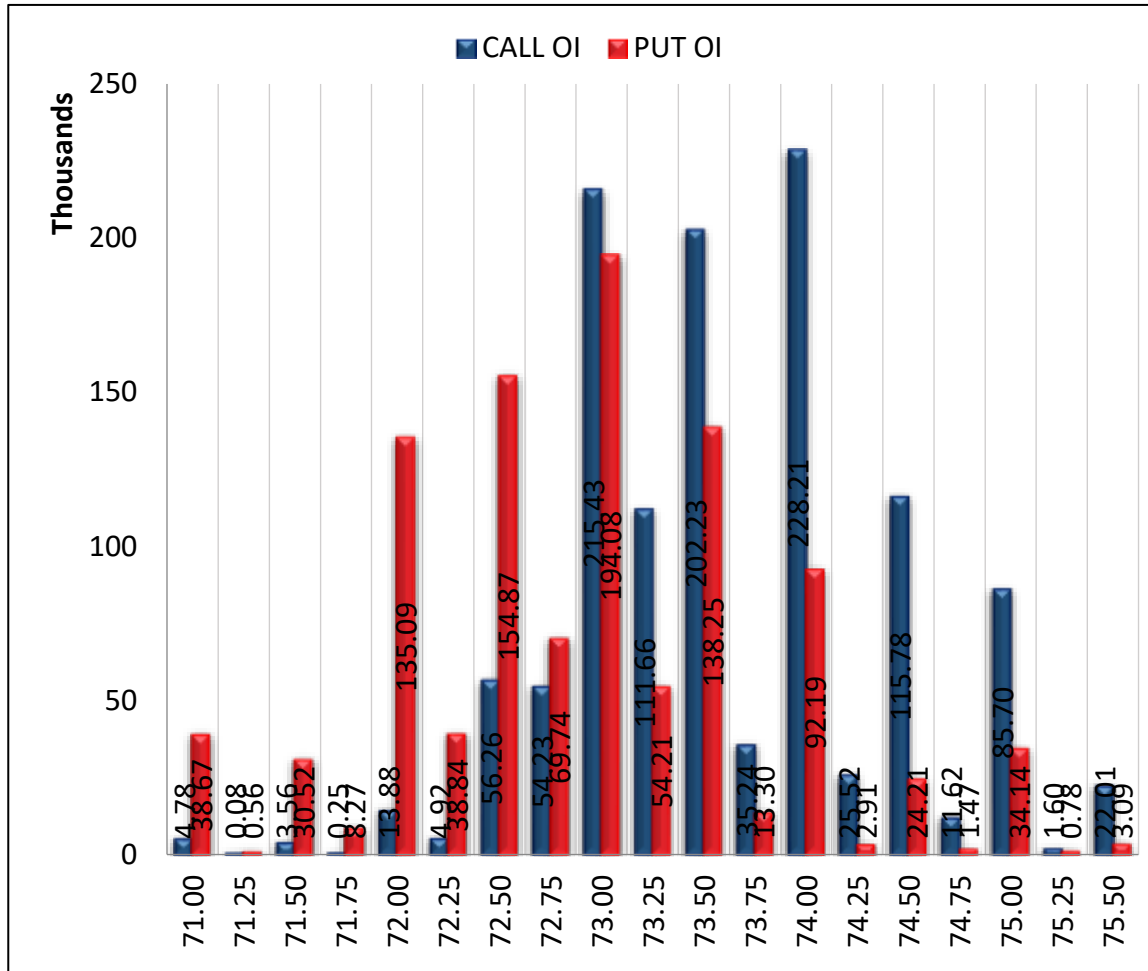
JPYINR June Futures Daily Chart



Technical Observations:

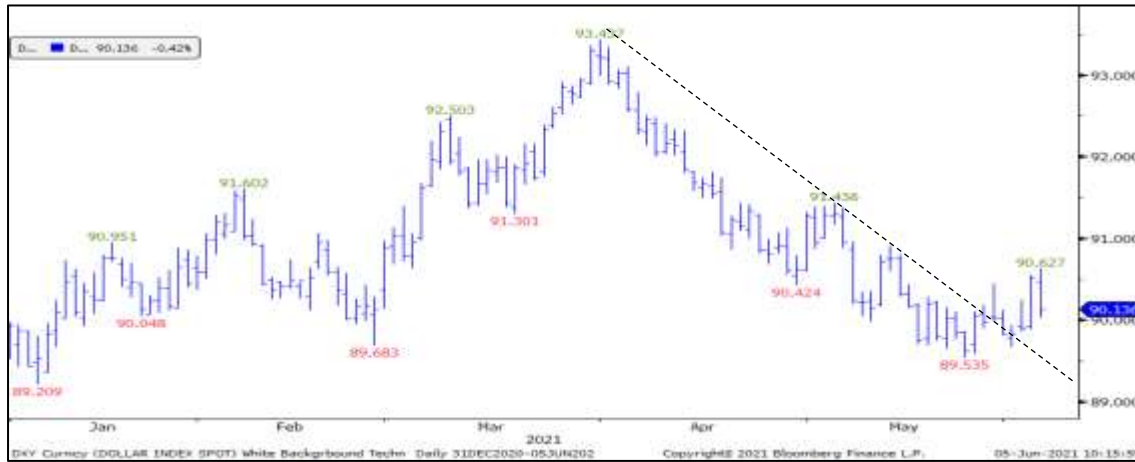
- JPYINR June futures formed weekly gravestone doji candlestick pattern indicating bearishness.
- The pair has been trading well below short term moving averages with short period average placed below medium term period average suggesting continuation of weaker trend.
- Momentum oscillator, relative strength index of 14 days placed at 35 odd level and heading southward indicating continuation of down trend.
- We remain bearish in JPYINR June futures and once the level of 66 breaches it starts moving toward March low of 66.25. The pair is expected to face resistance at 67.70, 50 days simple moving average.

USDINR June Option Distribution (Weekly Change)



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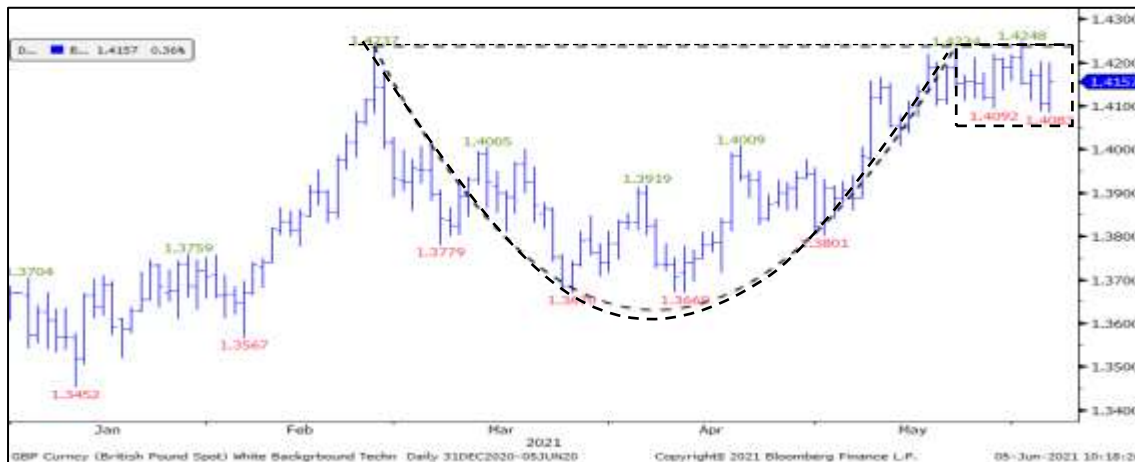
Dollar Index Daily Chart



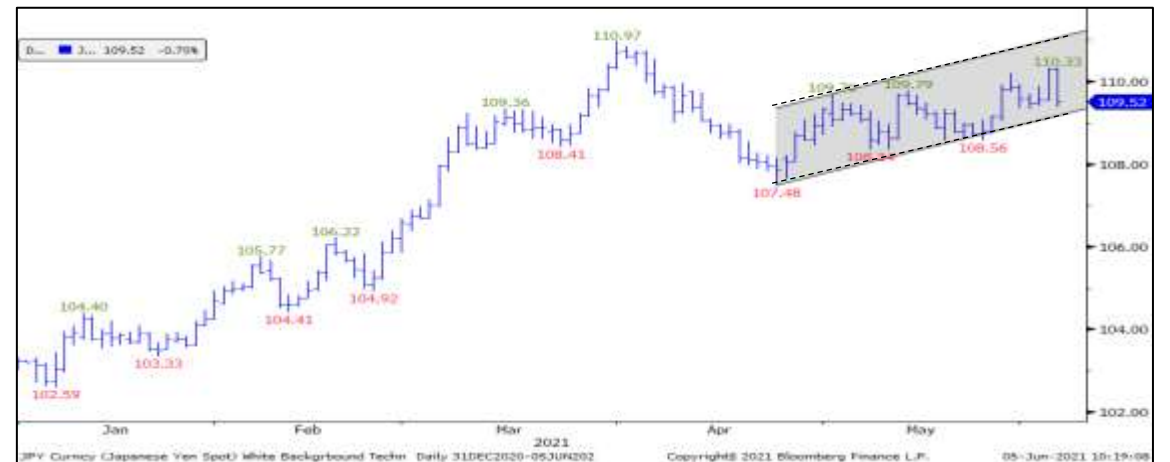
EURUSD Daily Chart



GBPUSD Daily Chart



USDJPY Daily Chart



Currency Derivative Price Actions

Currency	HIGH	LOW	CLOSE	WKLY CHG.	WKLY % CHG.	JUNE OI	WKLY OI CHG	OI % CHG	VOLUME	WKLY VOL CHG	VOLUME % CHG.
NSE INRUSD Future Jun21	73.5625	72.6700	73.1800	0.3650	0.50%	2474805	-121850	-5%	2177989	-990144	-31%
NSE EURINR Future Jun21	89.8575	88.5875	88.6650	-0.0375	-0.04%	98432	-573	-1%	158577	21745	16%
NSE GBPINR Future Jun21	104.0300	103.0125	103.3250	0.1400	0.14%	133861	7461	6%	262444	30472	13%
NSE JPYINR Future Jun21	67.0650	66.3000	66.4600	0.2025	0.31%	34807	-616	-2%	38397	-6443	-14%
NSE EURUSD Future Jun21	1.2236	1.2109	1.2116	-0.0064	-0.53%	2625	47	2%	3342	1519	83%
NSE GBPUSD Future Jun21	1.4235	1.4083	1.4117	-0.0049	-0.35%	2634	-64	-2%	3552	2590	269%
NSE USDJPY Future Jun21	110.7000	109.3600	110.12	0.27	0.25%	156	46	42%	91	-2	-2%

Technical Levels

Currency	Resi.2	Resi.1	Pivot	Supt.1	Supt.2	8 DEMA	21 DEMA	50 DEMA	UPPER BOLL	LOWER BOLL	RSI
NSE INRUSD Future Jun21	74.03	73.61	73.14	72.71	72.25	73.19	73.54	73.97	74.33	72.64	38.75
NSE EURINR Future Jun21	90.31	89.49	89.04	88.22	87.77	89.13	89.40	89.50	90.24	88.68	38.65
NSE GBPINR Future Jun21	104.47	103.90	103.46	102.88	102.44	103.54	103.67	103.46	104.66	102.84	45.52
NSE JPYINR Future Jun21	67.37	66.92	66.61	66.15	65.84	66.75	67.28	68.06	68.46	66.14	32.30
NSE EURUSD Future Jun21	1.2281	1.2198	1.2154	1.2071	1.2027	1.2174	1.2156	1.2106	1.2269	1.2075	47.32
NSE GBPUSD Future Jun21	1.4297	1.4207	1.4145	1.4055	1.3993	1.4145	1.4099	1.3997	1.4272	1.3965	54.01
NSE USDJPY Future Jun21	109.62	109.15	108.87	108.40	108.12	108.92	108.90	108.38	109.72	107.98	47.32

Economic Calendar : June 2021



Monday	Tuesday	Wednesday	Thursday	Friday
7 June	8 June	9 June	10 June	11 June
China: Trade Balance	Japan: BoP, GDP EU: GDP; US: Trade Balance	China: CPI, PPI US: MBA Mortgage	Japan: PPI; EU: ECB Meeting US: CPI, Initial & Continuing Claim	UK: Industrial & Mfg. Production. Trade balance India: Industrial Production (IIP)
14 June	15 June	16 June	17 June	18 June
China: Dragon Boat Holiday Japan, EU : IIP, India: WPI, CPI	UK: ILO unemployment India, EU: Trade Balance	Japan: Trade Balance China: IIP, Retail Sales; UK: CPI US: MBA Mortgage, Building Permit, Housing Starts, FOMC Rate Decision	EU: CPI US: Initial & Continuing Claim	Japan: NatI CPI, Japan: BoJ Policy EU: ECB Current Account
21 June	22 June	23 June	24 June	25 June
China: 1 & 5 Yr. LPR	EU: Consumer Confidence US: Existing Home sales	US: CA, New Home Sales,	EU: ECB Economic Bulletin UK: BoE Rate Policy US: Durable Goods, Initial & Continuing Claim, GDP, Core PCE	US: Personal Income & Spending China: BoP Current Account
28 June	29 June	30 June		
UK: NatI House Price	EU: Consumer Confidence	Japan: IIP ; China: Mfg. Service & Composite PMI; US: ADP Employment Change UK: GDP, Current Account, EU: CPI, India: Fiscal Balance, Eight Core Infra, BoP Current Account		

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