

# HDFC securities Retail Research

## Currency Insights Weekly

21 June 2021



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## Currency Movements

| Currency      | 18-Jun-21 | 11-Jun-21 | Chg.   | % Chg  |
|---------------|-----------|-----------|--------|--------|
| DXY Index     | 92.225    | 90.555    | 1.670  | 1.84%  |
| EURUSD        | 1.186     | 1.211     | -0.025 | -2.02% |
| GBPUSD        | 1.381     | 1.411     | -0.030 | -2.11% |
| USDJPY        | 110.21    | 109.66    | 0.550  | 0.50%  |
| USDINR        | 73.861    | 73.076    | 0.785  | 1.07%  |
| EURINR        | 88.021    | 88.818    | -0.796 | -0.90% |
| GBPINR        | 102.682   | 103.388   | -0.706 | -0.68% |
| JPYINR        | 67.090    | 66.730    | 0.360  | 0.54%  |
| 1M USDINR NDF | 74.440    | 73.470    | 0.970  | 1.32%  |

## RBI Reference Rate

| Currency | 18-Jun-21 | 11-Jun-21 | Chg.    | % Chg  |
|----------|-----------|-----------|---------|--------|
| USDINR   | 74.1442   | 72.9844   | 1.1598  | 1.59%  |
| EURINR   | 88.2583   | 88.9831   | -0.7248 | -0.81% |
| GBPINR   | 103.0120  | 103.5079  | -0.4959 | -0.48% |
| JPYINR   | 67.3500   | 66.7000   | 0.6500  | 0.97%  |

## India 10 Year G-Sec.

| Instrument | 18-Jun-21 | 11-Jun-21 | Chg.    |
|------------|-----------|-----------|---------|
| GS2030     | 6.0070    | 6.0080    | -0.0010 |

## Fed Fuels Dollar Rally

- » Indian Rupee depreciated for a third week in row and fell more than a percentage points to 73.87 level after hitting seven weeks low of 74.27 a dollar. Risk averse sentiments, higher crude oil price, capital outflows and unwinding of crowded short dollar position dragged rupee lower in the week gone. The move was followed by Fed's hawkish surprise, delivered on Wednesday, suggesting two rate hikes by the end of 2023, sent risk assets lower and bond yields sinking.
- » Forex markets rip for a roller coaster ride after staying calm for last few weeks. Spot USDINR is expected to head towards 74.80 once the level of 74.30 surpasses while support has been shifted to 73.30, the earlier resistance. The bias will definitely favor dollar bulls following safe-haven demand and unwinding of crowded trade in dollar.
- » RBI's monthly report highlighted requirements of more forex reserves to cope up with uncertainty. They walk on talk as forex reserves surged by \$3.074 billion to reach a record high of \$608.081 billion in the week ended June 11, as per the latest data from RBI.
- » The dollar rose for a fourth straight weekly gain, after St. Louis Federal Reserve President James Bullard said it may be appropriate for the central bank to start raising interest rates next year. The euro touched fresh two-month lows. Hawkish comments from Fed pushed dollar to highest price since mid-April and registered its strongest weekly gains in roughly nine months, as investors seek some safety in the dollar from risk assets. If this is indeed the end of the greenback's downtrend, the impacts will be widespread from commodities to emerging markets and even to stocks. But it all depends on what markets hear next week with a slew of Fed speak on the way.
- » Scheduled monetary policy news is light in this week, opening with China's loan prime rate on Monday and a Bank of England announcement on Thursday. No moves for either are expected.

## USDINR June Futures Daily Chart



## Technical Observations:

- USDINR June futures retraced 61.8% to 74.36, adjoining the recent high 75.50 to 72.60.
- The pair manages to closed above 50 days simple moving averages. We have also seen short term exponential moving average of 13 days placed above 21 days exponential moving average.
- The surge in prices were well supported with volumes indicating bullishness.
- Momentum oscillator, RSI has been heading towards north suggesting positive momentum in the pair.
- USDINR June futures expected to head towards 74.80 levels with down side support shifted to 73.42. Any near term fall will be considered as buying opportunities for target of 74.80.

## EURINR June Futures Daily Chart



## Technical Observations:

- »» EURINR June futures closed below 50 days simple moving averages. The short term moving averages given negative cross over to medium term moving averages suggesting weakness in the trend.
- »» The pair has minor support at 88.06, the 50% Fibonacci retracement level adjoining low of 85.31 and 90.82. Breaking of 88.06 opens for 87.40 and 87.05.
- »» Momentum oscillator, relative strength index of 14 days period has been heading south indicating bearishness.
- »» Near term bias for EURINR June futures becomes bearish below 88.06 for downside target of 87.05 while level above 89.20 negate the said view.

## GBPINR June Futures Daily Chart



## Technical Observations:

- GBPINR June future has been trading in rectangular box with higher side resistance around 104.25 and support around 102.45.
- The pair closed below 50 days simple moving average considered as first sign of weakness.
- Weekend selling were well supported by the volume suggesting long unwinding by way for profit booking.
- Momentum oscillator, RSI of 14 days period has been below 50 levels suggesting weakness.
- Technical evidences and chart pattern suggest one should turn bearish below 102.45 while bullish only above 104.25. Swing traders can trade between the range of 102.45 to 104.25 will short term bias remaining on weaker side.

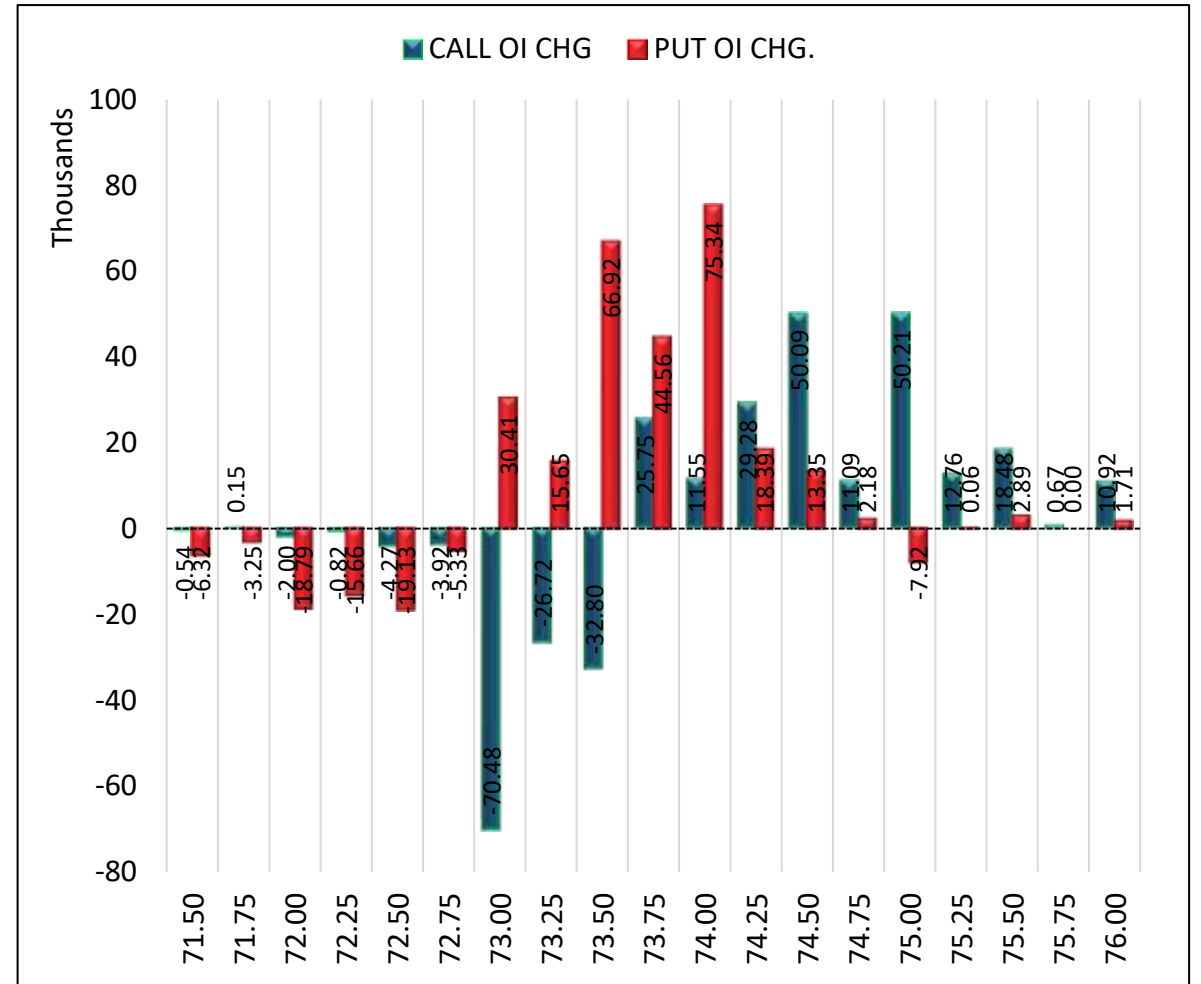
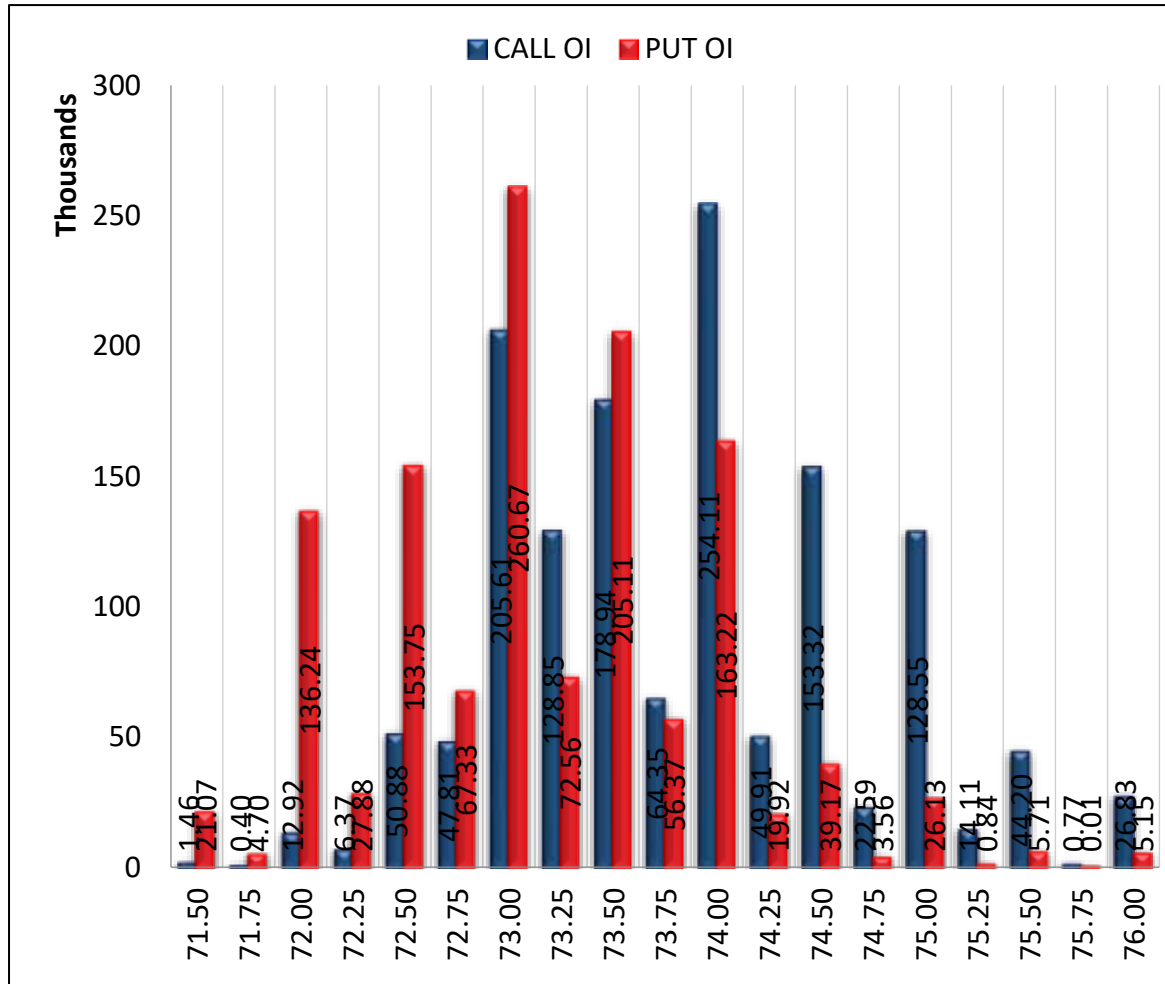
## JPYINR June Futures Daily Chart



## Technical Observations:

- JPYINR June futures placed well above short term moving averages and 13 days moving average crossed 21 days moving average suggesting near term positivity.
- The pair has resistance at 67.57, the 50 days simple moving average.
- Momentum oscillator, relative strength index of 14 days placed above 50 with positive divergence in place one should look for long side bet above 67.60.
- We believe recent positive divergence and higher highs and lows on hourly chart suggesting short covering bounce in coming week.
- Short term traders can go long above 67.60 for target of 69 keeping stop below 66.40.

## USDINR June Option Distribution (Weekly Change)





## Dollar Index Daily Chart



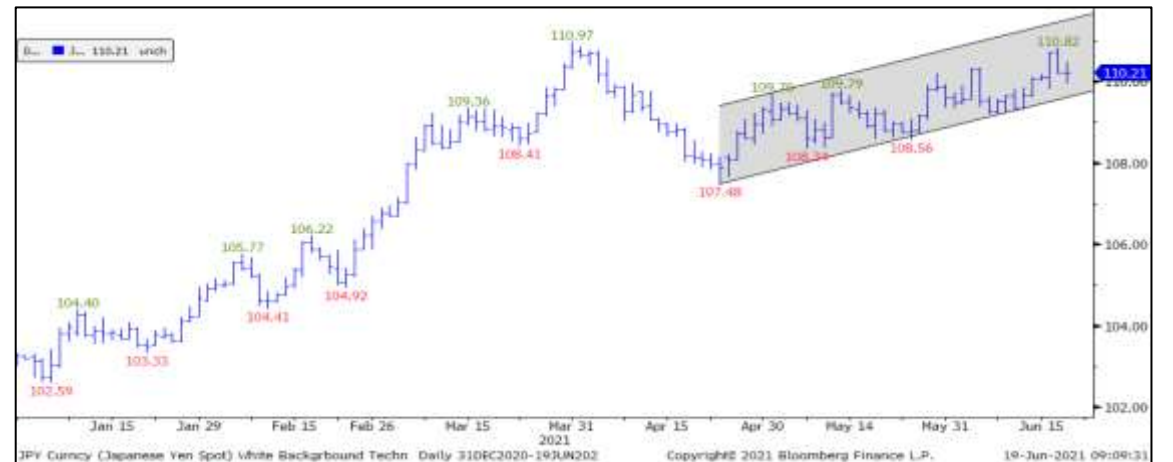
## EURUSD Daily Chart



## GBPUSD Daily Chart



## USDJPY Daily Chart





## Currency Derivative Price Actions

| Currency                | HIGH     | LOW      | CLOSE    | WKLY CHG. | WKLY % CHG. | NEAR MONTH OI | WKLY OI CHG | OI % Chg. | VOLUME  | WKLY VOL CHG | Volume % Chg. |
|-------------------------|----------|----------|----------|-----------|-------------|---------------|-------------|-----------|---------|--------------|---------------|
| NSE INRUSD Future Jun21 | 74.3625  | 73.1500  | 74.0025  | 0.8100    | 1.11%       | 2247105       | -146203     | -6%       | 3059279 | 1652133      | 117%          |
| NSE EURINR Future Jun21 | 89.1925  | 88.0875  | 88.1825  | -0.7300   | -0.82%      | 96001         | -5248       | -5%       | 190614  | 46201        | 32%           |
| NSE GBPINR Future Jun21 | 103.7000 | 102.7200 | 102.8500 | -0.7650   | -0.74%      | 115700        | -29344      | -20%      | 399244  | 108141       | 37%           |
| NSE JPYINR Future Jun21 | 67.5375  | 66.5775  | 67.2200  | 0.3625    | 0.54%       | 23224         | -4783       | -17%      | 62003   | 37784        | 156%          |
| NSE EURUSD Future Jun21 | 1.2144   | 1.1891   | 1.1918   | -0.0230   | -1.89%      | 2468          | -168        | -6%       | 1282    | -368         | -22%          |
| NSE GBPUSD Future Jun21 | 1.4132   | 1.3861   | 1.3900   | -0.0255   | -1.80%      | 7228          | 4284        | 146%      | 3868    | 1746         | 82%           |
| NSE USDJPY Future Jun21 | 110.99   | 109.50   | 110.05   | 0.4900    | 0.45%       | 304           | 194         | 176%      | 724     | 718          | 11967%        |

## 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 | 75.05  | 74.53  | 73.84  | 73.31  | 72.63  | 73.61  | 73.51   | 73.80   | 73.93      | 72.58      | 59.22 |
| NSE EURINR Future Jun21 | 89.59  | 88.89  | 88.49  | 87.78  | 87.38  | 88.74  | 89.03   | 89.28   | 89.71      | 88.32      | 33.18 |
| NSE GBPINR Future Jun21 | 104.07 | 103.46 | 103.09 | 102.48 | 102.11 | 103.33 | 103.47  | 103.42  | 103.95     | 102.93     | 41.22 |
| NSE JPYINR Future Jun21 | 68.07  | 67.65  | 67.11  | 66.69  | 66.15  | 66.93  | 67.04   | 67.67   | 67.41      | 66.27      | 51.24 |
| NSE EURUSD Future Jun21 | 1.2237 | 1.2078 | 1.1984 | 1.1825 | 1.1731 | 1.2057 | 1.2112  | 1.2103  | 1.2311     | 1.1985     | 30.03 |
| NSE GBPUSD Future Jun21 | 1.4235 | 1.4068 | 1.3964 | 1.3797 | 1.3693 | 1.4043 | 1.4079  | 1.4024  | 1.4265     | 1.3978     | 36.69 |
| NSE USDJPY Future Jun21 | 111.67 | 110.86 | 110.18 | 109.37 | 108.69 | 109.96 | 109.65  | 109.08  | 110.52     | 108.67     | 56.97 |

# Economic Calendar : June 2021



| Monday                          | Tuesday  | Wednesday   | Thursday   | Friday   |
|---------------------------------|--|---|--|--|
| 21 June                         | 22 June  | 23 June   | 24 June  | 25 June  |
| <b>China: 1 &amp; 5 Yr. LPR</b> | <b>EU:</b> Consumer Confidence<br><b>US:</b> Existing Home sales | <b>US:</b> CA, New Home Sales,  | <b>EU:</b> ECB Economic Bulletin<br><b>UK: BoE Rate Policy</b><br><b>US:</b> Durable Goods, Initial & Continuing Claim, <b>GDP, Core PCE</b> | <b>US:</b> Personal Income & Spending<br><b>China:</b> BoP Current Account |
| 28 June                         | 29 June  | 30 June   |  |  |
| <b>UK:</b> Natl House Price     | <b>EU:</b> Consumer Confidence                                   | <b>Japan:</b> IIP ; <b>China:</b> Mfg. Service & Composite PMI; <b>US:</b> ADP Employment Change<br><b>UK:</b> GDP, Current Account, <b>EU:</b> CPI, <b>India:</b> Fiscal Balance, <b>Eight Core Infra, BoP Current Account</b> |  |  |

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