

CURRENCY REPORT

KEDIA ADVISORY

Tuesday, June 1, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jun 2021	72.80	72.97	72.67	72.90	↑ 0.11	2566027	-1.18	1881884	72.84
EUR-INR	Jun 2021	88.70	88.97	88.67	88.87	↑ 0.19	102653	3.68	118280	88.85
GBP-INR	Jun 2021	103.47	103.47	103.15	103.28	↑ 0.09	132403	4.75	205742	103.28
JPY-INR	Jun 2021	66.35	66.54	66.30	66.48	↑ 0.34	31992	-9.69	37389	66.43

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2225	1.2237	1.2221	1.2231	↑ 0.04
EURGBP	0.8601	0.8606	0.8583	0.8592	↓ -0.15
EURJPY	133.94	134.00	133.71	133.80	↓ -0.10
GBPJPY	155.67	155.85	155.53	155.72	↑ 0.04
GBPUSD	1.4205	1.4251	1.4203	1.4234	↑ 0.20
USDJPY	109.57	109.59	109.29	109.40	↓ -0.16

Economical Data

TIME	ZONE	DATA
12:45pm	EUR	Spanish Manufacturing PMI
1:30pm	EUR	Final Manufacturing PMI
1:30pm	EUR	Italian Monthly Unemployment Rate
2:30pm	EUR	CPI Flash Estimate y/y
1:30pm	EUR	Core CPI Flash Estimate y/y
2:30pm	EUR	Unemployment Rate
All Day	All	OPEC-JMMC Meetings
7:15pm	USD	Final Manufacturing PMI
7:30pm	USD	ISM Manufacturing PMI
7:30pm	USD	Construction Spending m/m
7:30pm	USD	FOMC Member Quarles Speaks
7:30pm	USD	ISM Manufacturing Prices

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6483.5	↓ -0.06	Gold\$	1914.0	↑ 0.48
DAX	15480.8	↓ -0.25	Silver\$	28.2	↑ 0.82
DJIA	34529.5	↑ 0.19	Crude\$	66.9	↑ 1.58
FTSE 100	7586.8	↓ -0.78	Copper \$	10317.0	↑ 0.41
HANG SENG	27777.8	↓ -1.31	Aluminium \$	2472.5	↓ -1.34
KOSPI	2029.5	↓ -0.23	Nickel\$	18230.0	↑ 0.19
NASDAQ	13748.7	↑ 0.09	Lead\$	2203.0	↑ 0.14
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	3052.0	↓ -0.70

Commodity Update

FII/FPI trading activity on BSE, NSE in Capital Market Segment (In Rs. Cr)

Category	Date	Buy Value	Sell Value	Net Value
FII/FPI	31/05/2021	7,456.51	5,044.12	2,412.39

DII trading activity on BSE, NSE & MCX-SX in Capital Market Segment

Category	Date	Buy Value	Sell Value	Net Value
DII	31/05/2021	4,912.06	4,732.28	179.78

Spread

Currency	Spread
NSE-CUR USDINR JUN-JUL	0.34
NSE-CUR EURINR JUN-JUL	0.42
NSE-CUR GBPINR JUN-JUL	0.47
NSE-CUR JPYINR JUN-JUL	0.33

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NSE-CUR USDINR Jun 2021



	Open	High	Low	Close
	72.80	72.97	72.67	72.90
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		73.02	73.14	73.32
		Support 1	Support 2	Support 3
	72.72	72.54	72.42	
Net Change	% Change	Open Interest	Volume	
0.08	0.11	2566027	1881884	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.54-73.14.
- # USDINR recovered following the government's decision to further increase its market borrowing but sharper losses were prevented.
- # The benchmark 10-year bond yield was trading at 6.02% after touching 6.03% earlier and 2 basis points above its close on Friday.
- # India's federal government will borrow 1.58 trillion rupees (\$22 billion) from the market to compensate the country's states for a shortfall in tax receipts this fiscal year, it said.

Market Snapshot

USDINR yesterday settled up by 0.11% at 72.895 following the government's decision to further increase its market borrowing but sharper losses were prevented on expectations of the central bank stepping in to rescue as and when needed. India's federal government will borrow 1.58 trillion rupees (\$22 billion) from the market to compensate the country's states for a shortfall in tax receipts this fiscal year, it said. RBI will have to keep doing more open market purchases or announce some other steps to ease the pain for the market and ensure borrowing goes through. Friday's auction saw weak demand from participants, with the government raising 265.50 billion rupees through bond sale. But the Reserve Bank of India (RBI) directed underwriters to buy over 74 billion rupees out of 140 billion rupees worth benchmark bond on sale. The Indian economy may have expanded 1-2% in the fourth quarter of the fiscal year 2020-21, as the economy attempted to normalise during the January-March period before getting whiplashed by a brutal second wave of the COVID-19 pandemic. Traders are pinning hopes on the RBI's support and also awaiting the monetary policy committee's meeting later this week. Outcome of the meeting will be announced on Friday and the central bank's liquidity stance and guidance will be key for markets with rates expected to stay unchanged. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.5211. Technically market is under short covering as market has witnessed drop in open interest by -1.18% to settled at 2566027 while prices up 0.08 rupees, now USDINR is getting support at 72.72 and below same could see a test of 72.54 levels, and resistance is now likely to be seen at 73.02, a move above could see prices testing 73.14.

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NSE-CUR EURINR Jun 2021



	Open	High	Low	Close
	88.70	88.97	88.67	88.87
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	89.01	89.14	89.31	
	Support 1	Support 2	Support 3	
	88.71	88.54	88.41	
Net Change	% Change	Open Interest	Volume	
0.17	0.19	102653	118280	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.54-89.14.
- # Euro remained supported amid prospects of a strong economic recovery and as the coronavirus vaccination campaign continues.
- # France's 2021 public deficit likely to be 9.4%, Finance Minister says
- # A batch of fresh economic data to be released including Eurozone and Germany inflation and unemployment will provide an update on the recovery.

Market Snapshot

EURINR yesterday settled up by 0.19% at 88.8725 amid prospects of a strong economic recovery and as the coronavirus vaccination campaign continues. A batch of fresh economic data to be released this week including Eurozone and Germany inflation and unemployment will provide an update on the recovery. The French public deficit will likely be 9.4% of gross domestic product this year, Finance Minister Bruno Le Maire said, compared to a previous estimate of 9%. Le Maire also told national TV channel France 2 television that he expected economic growth to return in early 2022 to pre-COVID-19 levels, reiterating his forecast of 5% economic growth for this year. "I am convinced that we will achieve 5% growth in 2021 and that we will return at the start of 2022 to the same level of economic activity that we had before the crisis," Le Maire said. Eurozone economic confidence improved to the strongest level in more than three years in May driven by the easing of Covid related restrictions, survey results from the European Commission showed on Friday. The economic confidence index rose to 114.5 in May from 110.5 in the previous month. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.4216. Technically market is under fresh buying as market has witnessed gain in open interest by 3.68% to settled at 102653 while prices up 0.17 rupees, now EURINR is getting support at 88.71 and below same could see a test of 88.54 levels, and resistance is now likely to be seen at 89.01, a move above could see prices testing 89.14.

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NSE-CUR GBPINR Jun 2021



	Open	High	Low	Close
	103.47	103.47	103.15	103.28
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		103.45	103.62	103.77
		Support 1	Support 2	Support 3
	103.13	102.98	102.81	
Net Change		% Change	Open Interest	Volume
	0.10	0.09	132403	205742

Trading Ideas for the Day

- # GBPINR trading range for the day is 102.98-103.62.
- # GBP seen supported lifted by Bank of England comments on rate hike timing.
- # BOE's Haldane has warned there is a chance that cost pressures faced by British companies lead to high prices that become embedded in pay demands
- # BoE Vlieghe: It would most likely take until Q1 of 2022 to have a good picture of post-furlough jobs and salary conditions

Market Snapshot

GBPINR yesterday settled up by 0.09% at 103.28 lifted by Bank of England comments on rate hike timing. BoE policymaker Gertjan Vlieghe said the central bank was likely to raise rates only well into next year, while noting an increase could come earlier next year if the economy rebounds more quickly than expected. Bank of England Chief Economist Andy Haldane has warned there is a chance that cost pressures faced by British companies lead to high prices that become embedded in pay demands, in an echo of inflationary wage-price spirals of previous decades. Haldane, who leaves the Monetary Policy Committee in June, has previously warned of an inflationary "tiger" prowling as Britain's economy recovers from the COVID-19 pandemic. Bank of England Governor Andrew Bailey said that he does not see long-term implications from an expected pick-up in inflation as the economy emerges from the coronavirus pandemic. energy bills and comparisons against weak prices a year ago during the depths of the pandemic. British inflation jumped to 1.5% in April from 0.7% in March, due to a mix of higher oil prices, rises in regulated household "The Monetary Policy Committee judges that these transitory developments should have few direct implications for inflation over the medium term," Bailey said in an annual report to parliament's Treasury Committee. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 102.8678 Technically market is under fresh buying as market has witnessed gain in open interest by 4.75% to settled at 132403 while prices up 0.095 rupees, now GBPINR is getting support at 103.13 and below same could see a test of 102.98 levels, and resistance is now likely to be seen at 103.45, a move above could see prices testing 103.62.

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NSE-CUR JPYINR Jun 2021



	Open	High	Low	Close
	66.35	66.54	66.30	66.48
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		66.58	66.68	66.82
		Support 1	Support 2	Support 3
	66.34	66.20	66.10	
Net Change	% Change	Open Interest	Volume	
0.22	0.34	31992	37389	

Trading Ideas for the Day

- # JPYINR trading range for the day is 66.2-66.68.
- # JPY seen supported as Japan's industrial output extended gains in April
- # Japan's economy is likely to recover, although the level of economic activity, mainly in the face-to-face services sector
- # The Japanese government extended the COVID-19 state of emergency in by three weeks to June 20.

Market Snapshot

JPYINR yesterday settled up by 0.34% at 66.48 as Japan's industrial output extended gains in April as manufacturers benefited from a recovery in appetite for capital goods, especially in key overseas markets. The world's third-largest economy is expected to grow in the current quarter at a much slower pace than previously thought after the government extended coronavirus emergency measures in Tokyo and other major areas. Separate data showed retail sales, a key gauge of consumer spending, surged in April, thanks largely to favourable statistical base effects from a year earlier, when the country was under an even stricter coronavirus curbs. Official data released showed factory output grew 2.5% from the previous month in April, as higher production of general-purpose and electrical machinery offset a contraction in cars and transportation equipment output. Japan's economy is likely to recover, although the level of economic activity, mainly in the face-to-face services sector, is expected to be lower than that prior to the pandemic for the time being, Bank of Japan Monetary policy Board member Hitoshi Suzuki said in a speech. The Japanese government extended the COVID-19 state of emergency in Tokyo, Osaka and seven other prefectures by three weeks to June 20. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 66.08 Technically market is under short covering as market has witnessed drop in open interest by -9.69% to settled at 31992 while prices up 0.2225 rupees, now JPYINR is getting support at 66.34 and below same could see a test of 66.2 levels, and resistance is now likely to be seen at 66.58, a move above could see prices testing 66.68.

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NEWS YOU CAN USE

China's factory activity slowed slightly in May as raw materials costs grew at their fastest pace in over a decade, weighing on the output of small and export-oriented firms. The official manufacturing Purchasing Manager's Index (PMI) inched lower to 51.0 in May, against analyst expectations that it would remain unchanged from April at 51.1, data from the National Bureau of Statistics (NBS) showed. The official PMI, which largely focuses on big and state-owned firms, has stood above the 50-point mark that separates growth from contraction for over a year. While the Chinese economy has largely shaken off the gloom from the COVID-19 pandemic, officials warn the foundations for the recovery are not yet secure amid problems like higher raw material costs and the pandemic situation overseas. A sub-index for new export orders stood at 48.3 in May, down from 50.4 in the previous month and slipping sharply into contraction. A sub-index for raw material costs in the official PMI stood at 72.8 in May, up from April's 66.9 and hitting the highest level since 2010.

Japan's industrial output extended gains in April as manufacturers benefited from a recovery in appetite for capital goods, especially in key overseas markets. The world's third-largest economy is expected to grow in the current quarter at a much slower pace than previously thought after the government extended coronavirus emergency measures in Tokyo and other major areas. Separate data showed retail sales, a key gauge of consumer spending, surged in April, thanks largely to favourable statistical base effects from a year earlier, when the country was under an even stricter coronavirus curbs. Official data released on Monday showed factory output grew 2.5% from the previous month in April, as higher production of general-purpose and electrical machinery offset a contraction in cars and transportation equipment output. The rise in output was better than the previous month's 1.7% gain, but much weaker than a 4.1% advance forecast in a Reuters poll of economists as car production fell largely due to supply issues with semiconductors.

Japan's economy is likely to recover, although the level of economic activity, mainly in the face-to-face services sector, is expected to be lower than that prior to the pandemic for the time being, Bank of Japan Monetary policy Board member Hitoshi Suzuki said in a speech. "With the impact of COVID-19 waning gradually and the economy being supported by an increase in external demand, accommodative financial conditions, and the government's economic measures, a virtuous cycle from income to spending is expected to operate," he added. Regarding efforts to achieve the price stability target of 2% by continuing effective and sustainable monetary easing, Suzuki mentioned that it was necessary to assess minutely not only the positive effects of the policy on economic activity and prices but also its side effects on the functioning of financial intermediation and financial markets that accumulate over time.

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KEDIA STOCKS & COMMODITIES RESEARCH PVT LTD.
Mumbai. INDIA.

For more details, please contact:
Mobile: +91 9323406035 / 9320096333 / 9619551022
Email: info@kediaadvisory.com
URL: www.kediaadvisory.com
SEBI REGISTRATION NUMBER - INH000006156

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