

CURRENCY REPORT

KEDIA ADVISORY

Thursday, June 3, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jun 2021	73.25	73.56	73.14	73.39	↑ 0.31	2540529	-0.99	2489801	73.39
EUR-INR	Jun 2021	89.40	89.86	89.27	89.32	↓ -0.12	113489	-3.77	172227	89.52
GBP-INR	Jun 2021	103.58	104.03	103.56	103.60	↓ -0.11	142018	-3.97	269373	103.77
JPY-INR	Jun 2021	66.73	67.07	66.73	66.82	↑ 0.10	29635	0.43	39904	66.88

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2209	1.2214	1.2202	1.2207	↓ -0.02
EURGBP	0.8615	0.8619	0.8609	0.8611	↓ -0.04
EURJPY	133.77	133.92	133.69	133.83	↑ 0.04
GBPJPY	155.24	155.45	155.16	155.40	↑ 0.10
GBPUSD	1.4168	1.4180	1.4163	1.4174	↑ 0.02
USDJPY	109.55	109.69	109.50	109.64	↑ 0.08

Economical Data

TIME	ZONE	DATA
12:45pm	EUR	Spanish Services PMI
1:30pm	EUR	Final Services PMI
5:00pm	USD	Challenger Job Cuts y/y
5:45pm	USD	ADP Non-Farm Employment Change
6:00pm	USD	Unemployment Claims
6:00pm	USD	Revised Nonfarm Productivity q/q
6:00pm	USD	Revised Unit Labor Costs q/q
7:15pm	USD	Final Services PMI
7:30pm	USD	ISM Services PMI
8:00pm	USD	Natural Gas Storage
8:30pm	USD	Crude Oil Inventories
10:00pm	USD	FOMC Member Bostic Speaks

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6503.4	↑	Gold\$	1906.6	↓ -0.07
DAX	15569.5	→	Silver\$	28.2	↑ 0.11
DJIA	34575.3	↑	Crude\$	68.7	↑ 1.64
FTSE 100	7586.8	↓	Copper \$	10168.5	↑ 0.54
HANG SENG	27777.8	↓	Aluminium \$	2447.5	↑ 0.51
KOSPI	2029.5	↓	Nickel\$	18260.0	↑ 0.30
NASDAQ	13736.5	↓	Lead\$	2204.0	↓ -0.11
NIKKEI 225	21521.5	↓	Zinc\$	3080.0	↑ 0.06

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	2/6/2021	11,510.79	10,589.69	921.10

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

Category	Date	Buy Value	Sell Value	Net Value
DII	2/6/2021	4,657.40	4,415.64	241.76

Spread

Currency	Spread
NSE-CUR USDINR JUN-JUL	0.30
NSE-CUR EURINR JUN-JUL	0.41
NSE-CUR GBPINR JUN-JUL	0.41
NSE-CUR JPYINR JUN-JUL	0.29

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NSE-CUR USDINR Jun 2021



	Open	High	Low	Close
	73.25	73.56	73.14	73.39
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		73.59	73.79	74.01
		Support 1	Support 2	Support 3
	73.17	72.95	72.75	
Net Change	% Change	Open Interest	Volume	
0.23	0.31	2540529	2489801	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.95-73.79.
- # USDINR remained supported as a pick up in U.S. manufacturing kept bets alive for a quicker normalisation of Federal Reserve policy.
- # India's fiscal deficit fell sharply to INR 0.79 trillion in April of 2021, the first month of the new fiscal year
- # Moody's pegs India GDP growth at 9.3% in FY22

Market Snapshot

USDINR yesterday settled up by 0.31% at 73.3925 as a pick up in U.S. manufacturing kept bets alive for a quicker normalisation of Federal Reserve policy. India's factory activity growth slowed significantly in May as a rise in coronavirus cases whacked new orders and output, the Nikkei Manufacturing Purchasing Managers' Index compiled by IHS Markit showed. India's fiscal deficit fell sharply to INR 0.79 trillion in April of 2021, the first month of the new fiscal year, from INR 2.80 trillion a year earlier. That was equivalent to 5.1 percent of the government's budget estimate for this financial year. The deficit was 35.1% of budget aim in the same period last year. Total spending fell 26.2 percent to INR 2.3 trillion while receipts rose 437 percent to INR 1.48 trillion. Moody's Investors Service pegged India's GDP growth at 9.3 percent in the current fiscal ending March 2022 and 7.9 percent in FY23. "The reimposition of lockdown measures along with behavioural changes on fear of contagion will curb economic activity, but we do not expect the impact to be as severe as during the first wave. India's economy contracted by 7.3 percent in fiscal 2020-21. The pandemic, it said, will leave new economic scars and deepen pre-pandemic constraints. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.7714 Technically market is under short covering as market has witnessed drop in open interest by -0.99% to settled at 2540529 while prices up 0.2275 rupees, now USDINR is getting support at 73.17 and below same could see a test of 72.95 levels, and resistance is now likely to be seen at 73.59, a move above could see prices testing 73.79.

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NSE-CUR EURINR Jun 2021



	Open	High	Low	Close
	89.40	89.86	89.27	89.32
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		89.69	90.06	90.27
		Support 1	Support 2	Support 3
	89.11	88.90	88.53	
Net Change	% Change	Open Interest	Volume	
	-0.11	-0.12	113489	172227

Trading Ideas for the Day

- # EURINR trading range for the day is 88.9-90.06.
- # Euro dropped on profit booking ahead of the European Central Bank meeting next week.
- # Retail sales in Germany contracted 5.5 percent month-over-month in April of 2021, reversing from a 7.7 percent jump in March
- # IHS Markit's final Manufacturing Purchasing Managers' Index (PMI) rose to 63.1 in May from April's 62.9

Market Snapshot

EURINR yesterday settled down by -0.12% at 89.32 on profit booking ahead of the European Central Bank meeting next week. The ECB has said a near-term rise in inflation is driven by one-off factors and long-term price pressures remain subdued, meaning stimulus will still be needed. Euro zone manufacturing activity expanded at a record pace in May, according to a survey which suggested growth would have been even faster without supply bottlenecks that have led to an unprecedented rise in input costs. The bloc's economy has been ravaged by the coronavirus pandemic over the past year, with governments forcing much of the region's dominant service industry to close. But factories largely remained open, and restrictions in various countries have gradually been eased. IHS Markit's final Manufacturing Purchasing Managers' Index (PMI) rose to 63.1 in May from April's 62.9, above an initial 62.8 "flash" estimate and the highest reading since the survey began in June 1997. Retail sales in Germany contracted 5.5 percent month-over-month in April of 2021, reversing from a 7.7 percent jump in March and much worse than forecasts of a 2 percent drop. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.9587. Technically market is under long liquidation as market has witnessed drop in open interest by -3.77% to settled at 113489 while prices down -0.1075 rupees, now EURINR is getting support at 89.11 and below same could see a test of 88.9 levels, and resistance is now likely to be seen at 89.69, a move above could see prices testing 90.06.

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NSE-CUR GBPINR Jun 2021



	Open	High	Low	Close
	103.58	104.03	103.56	103.60
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		103.90	104.20	104.37
		Support 1	Support 2	Support 3
	103.43	103.26	102.96	
Net Change	% Change	Open Interest	Volume	
	-0.12	-0.11	142018	269373

Trading Ideas for the Day

- # GBPINR trading range for the day is 103.26-104.2.
- # GBP dropped as investors weighed the possibility that a COVID variant, first found in India, could delay the final phase of reopening in Britain on June 21
- # OECD forecasts showed the UK economy is expected to expand 7.2% this year, which would make it the fastest growth among developed countries.
- # The UK economy is set to fully reopen on June 21st, paving the way to return to normality

Market Snapshot

GBPINR yesterday settled down by -0.11% at 103.6025 as investors weighed the possibility that a COVID variant, first found in India, could delay the final phase of reopening in Britain on June 21. However downside seen limited on the prospect of a strong economic recovery helped by the ongoing re-opening efforts and the rapid pace of COVID vaccination. The UK economy is set to fully reopen on June 21st, paving the way to return to normality as three-quarters of its population are likely to have received the two-dose Covid-19 vaccine in a month. Fresh OECD forecasts showed the UK economy is expected to expand 7.2% this year, which would make it the fastest growth among developed countries. Also, some policymakers signaled the BoE might start raising interest rates sooner than expected in 2022 if a stronger than forecast economic rebound in the UK materializes. The IHS Markit/CIPS UK Manufacturing PMI was revised slightly lower to 65.6 in May of 2021 from a preliminary of 66.1. The reading still pointed to a record growth in factory activity as output growth strengthened and new orders rose at the quickest pace in the near three-decade survey history. Looser pandemic restrictions and high levels of pent-up demand meant that the rapid revival in labour market conditions continued, with staffing levels also rising at a record pace. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 103.4906 Technically market is under long liquidation as market has witnessed drop in open interest by -3.97% to settled at 142018 while prices down -0.115 rupees, now GBPINR is getting support at 103.43 and below same could see a test of 103.26 levels, and resistance is now likely to be seen at 103.9, a move above could see prices testing 104.2.

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NSE-CUR JPYINR Jun 2021



	Open	High	Low	Close
	66.73	67.07	66.73	66.82
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	67.01	67.20	67.34	
	Support 1	Support 2	Support 3	
	66.68	66.54	66.35	
Net Change	% Change	Open Interest	Volume	
0.07	0.1	29635	39904	

Trading Ideas for the Day

- # JPYINR trading range for the day is 66.54-67.2.
- # JPY remained supported as the Manufacturing PMI was revised higher in May.
- # Japan may see inflation perk up in post-COVID era, says BOJ board member
- # The Japanese government extended the COVID-19 state of emergency in Tokyo, Osaka and seven other prefectures last week.

Market Snapshot

JPYINR yesterday settled up by 0.1% at 66.8225 as the au Jibun Bank Japan Manufacturing PMI was revised higher in May while still easing slightly from the previous month. Investors weighed recent economic recovery optimism against persistent inflation concerns. A post-coronavirus pandemic world could offer an opportunity for Japanese firms to raise prices and help the central bank achieve its 2% inflation target, Bank of Japan board member Seiji Adachi said. But there was little the BOJ can do besides "patiently" sustaining its massive stimulus, Adachi said, offering the most candid comment to date by a BOJ policymaker on the central bank's dwindling ammunition to prop up growth and inflation. While restaurants and hotels may need to continue shouldering the cost of steps to prevent the spread of the virus, consumers may become more willing to pay more for value-added services, Adachi said in a speech delivered before the news conference. The BOJ currently caps long-term interest rates around zero, and buys huge amounts of government bonds and assets to achieve its elusive 2% inflation target. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 66.48 Technically market is under fresh buying as market has witnessed gain in open interest by 0.43% to settled at 29635 while prices up 0.065 rupees, now JPYINR is getting support at 66.68 and below same could see a test of 66.54 levels, and resistance is now likely to be seen at 67.01, a move above could see prices testing 67.2.

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NEWS YOU CAN USE

A post-coronavirus pandemic world could offer an opportunity for Japanese firms to raise prices and help the central bank achieve its 2% inflation target, Bank of Japan board member Seiji Adachi said. But there was little the BOJ can do besides "patiently" sustaining its massive stimulus, Adachi said, offering the most candid comment to date by a BOJ policymaker on the central bank's dwindling ammunition to prop up growth and inflation. While restaurants and hotels may need to continue shouldering the cost of steps to prevent the spread of the virus, consumers may become more willing to pay more for value-added services, Adachi said in a speech delivered before the news conference. The BOJ currently caps long-term interest rates around zero, and buys huge amounts of government bonds and assets to achieve its elusive 2% inflation target.

U.S. labor market signals are conflicting to an "unprecedented" degree, but those suggesting labor market slack should be given more weight than those pointing to tightness, according a paper by the San Francisco Federal Reserve Bank. The paper looked at 26 labor market measures that typically move in tandem and found that during the current recovery they are giving wildly divergent signals about the health of the job market. The job openings rate, for instance, suggests the job market is much tighter than the unemployment rate; the labor force participation rate points to much more slack than detected in the unemployment rate. Because the pandemic has forced so many people out of the workforce, "negative signals such as the low labor force participation rate provide a better read than do the positive signals," the researchers argued. "Overall, our findings reveal that the labor market situation is worse than some headline numbers suggest."

Euro zone manufacturing activity expanded at a record pace in May, according to a survey which suggested growth would have been even faster without supply bottlenecks that have led to an unprecedented rise in input costs. The bloc's economy has been ravaged by the coronavirus pandemic over the past year, with governments forcing much of the region's dominant service industry to close. But factories largely remained open, and restrictions in various countries have gradually been eased. IHS Markit's final Manufacturing Purchasing Managers' Index (PMI) rose to 63.1 in May from April's 62.9, above an initial 62.8 "flash" estimate and the highest reading since the survey began in June 1997. An index measuring output, which feeds into a composite PMI due on Thursday and is seen as a good guide to economic health, eased from April's 63.2 to 62.2. Disruptions caused by the global coronavirus pandemic are still having a huge impact on supply chains, making it a sellers' market for the raw materials that factories need.

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