

# CURRENCY REPORT

KEDIA ADVISORY

Monday, June 21, 2021

## Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jun 2021	74.35	74.36	73.89	74.00	↓ -0.30	2247105	-1.95	3059279	74.13
EUR-INR	Jun 2021	88.55	88.57	88.09	88.18	↓ -0.47	96001	-1.99	190614	88.31
GBP-INR	Jun 2021	103.40	103.41	102.72	102.85	↓ -0.64	115700	-11.77	399244	103.02
JPY-INR	Jun 2021	67.47	67.54	67.08	67.22	↑ 0.25	23224	-7.78	62003	67.33

## Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.1862	1.1878	1.1854	1.1870	↑ 0.06
EURGBP	0.8594	0.8600	0.8580	0.8591	↓ -0.02
EURJPY	130.76	130.89	130.48	130.61	↓ -0.11
GBPJPY	152.03	152.44	151.91	152.02	↓ -0.11
GBPUSD	1.3797	1.3829	1.3793	1.3816	↑ 0.09
USDJPY	110.19	110.32	109.90	110.03	↓ -0.14

## Economical Data

TIME	ZONE	DATA
Tentative	EUR	German Buba Monthly Report
6:00pm	EUR	ECB President Lagarde Speaks
7:45pm	EUR	ECB President Lagarde Speaks

## Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6630.8	↓ -0.53	Gold\$	1773.9	↑ 0.55
DAX	15595.9	↓ -0.84	Silver\$	25.9	↑ 0.56
DJIA	33823.5	↓ -0.62	Crude\$	71.7	↑ 0.84
FTSE 100	7586.8	↓ -0.78	Copper \$	9137.5	↓ -0.13
HANG SENG	27777.8	↓ -1.31	Aluminium \$	2385.5	→ 0.00
KOSPI	2029.5	↓ -0.23	Nickel\$	17395.0	↑ 1.19
NASDAQ	14161.4	↑ 0.87	Lead\$	2159.0	↑ 0.28
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2839.5	↓ -0.02

## 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	18/06/2021	20,440.85	17,760.28	2,680.57

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

Category	Date	Buy Value	Sell Value	Net Value
DII	18/06/2021	7,052.77	6,606.57	446.20

## Spread

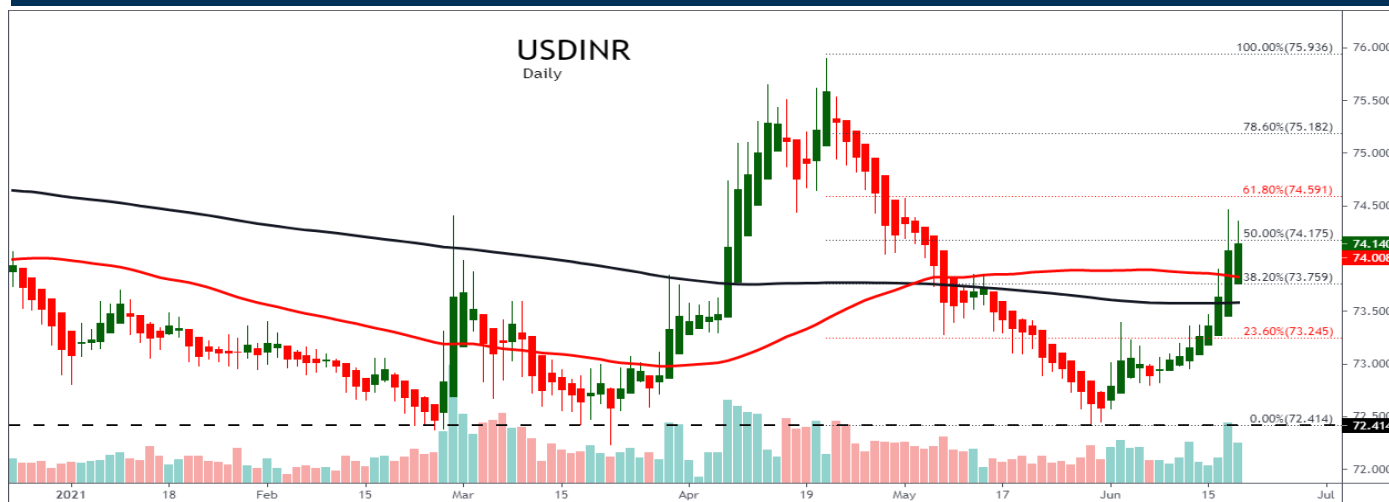
Currency	Spread
NSE-CUR USDINR JUN-JUL	0.25
NSE-CUR EURINR JUN-JUL	0.36
NSE-CUR GBPINR JUN-JUL	0.34
NSE-CUR JPYINR JUN-JUL	0.23

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## NSE-CUR USDINR Jun 2021



	Open	High	Low	Close
	74.35	74.36	73.89	74.00
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	74.28	74.56	74.76	
	Support 1	Support 2	Support 3	
	73.80	73.60	73.32	
Net Change	% Change	Open Interest	Volume	
-0.22	-0.3	2247105	3059279	

## Trading Ideas for the Day

- # USDINR trading range for the day is 73.6-74.56.
- # USDINR ended with losses on profit booking after prices rallied after Fed signaled it would hike interest rates sooner than expected.
- # However upside seen limited amid signs that India's second wave of coronavirus infections is slowing and hopes of a solid economic recovery
- # India's May trade deficit widens to \$6.28 billion – govt

## Market Snapshot

USDINR yesterday settled down by -0.3% at 74.0025 on profit booking after prices rallied in previous session after the US Federal Reserve signaled it would hike interest rates sooner than expected. Support also seen amid concerns that rising crude prices could negatively impact the country's current account deficit mounted. However upside seen limited amid signs that India's second wave of coronavirus infections is slowing and hopes of a solid economic recovery as more states eased pandemic restrictions. India's retail price inflation shot up to a six-month high of 6.3% in May, breaching the Reserve Bank of India's target range after five months; while wholesale prices jumped by 12.94% in May, the largest increase since 1998. Earlier this month, the central bank expanded its version of quantitative easing to support economic growth and lowered its FY22 GDP forecast to 9.5%. India's trade deficit in goods widened to \$6.28 billion in May from \$3.15 billion during the same period a year earlier, revised trade data released by the government showed. Merchandise exports rose 69.35% in May from a year earlier to \$32.27 billion, while imports were up 73.64% to \$38.55 billion, the data showed. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 74.1442 Technically market is under long liquidation as market has witnessed drop in open interest by -1.95% to settled at 2247105 while prices down -0.2225 rupees, now USDINR is getting support at 73.8 and below same could see a test of 73.6 levels, and resistance is now likely to be seen at 74.28, a move above could see prices testing 74.56.

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## NSE-CUR EURINR Jun 2021



	Open	High	Low	Close
	88.55	88.57	88.09	88.18
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	88.47	88.76	88.95	
	Support 1	Support 2	Support 3	
	87.99	87.80	87.51	
Net Change	% Change	Open Interest	Volume	
	-0.41	-0.47	96001	190614

## Trading Ideas for the Day

- # EURINR trading range for the day is 87.8-88.76.
- # Euro dropped amid firmness in Rupee and concerns over rising inflationary pressure as well as the possibility of early tightening of monetary policy.
- # ECB's Lane says early to discuss end of emergency bond buys
- # Euro zone banks borrowed 109.8 billion euros at the central bank's three-year auction

## Market Snapshot

EURINR yesterday settled down by -0.47% at 88.1825 amid firmness in Rupee and concerns over rising inflationary pressure as well as the possibility of early tightening of monetary policy. It is still premature and unnecessary to discuss the end of the European Central Bank's emergency bond purchases, ECB chief economist Philip Lane said, adding a lot of data is still missing before an important policy meeting in September. Lane also said that the ECB does not have a fixed-volume approach to purchases under its 1.85 trillion euro Pandemic Emergency Purchased Programme. The ECB last week decided to maintain an elevated level of bond buys but kept its formulation ambiguous enough to allow for some fluctuation. Euro zone banks borrowed 109.8 billion euros at the central bank's three-year auction, adding firepower to keep extending credit to households and firms as the bloc emerges from the COVID-19 pandemic. Although Thursday's take up is dwarfed by the 330.5 billion allotted three months ago, banks have already stocked up on liquidity and do not consider access to funding as among their key challenges. Banks can earn an interest of up to 1% on the new credit via a negative lending rate if they meet the ECB's requirement not shrink their loan book. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.2583 Technically market is under long liquidation as market has witnessed drop in open interest by -1.99% to settled at 96001 while prices down -0.4125 rupees, now EURINR is getting support at 87.99 and below same could see a test of 87.8 levels, and resistance is now likely to be seen at 88.47, a move above could see prices testing 88.76.

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## NSE-CUR GBPINR Jun 2021



	Open	High	Low	Close
	103.40	103.41	102.72	102.85
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	103.26	103.67	103.94	
	Support 1	Support 2	Support 3	
	102.58	102.31	101.90	
Net Change	% Change	Open Interest	Volume	
-0.66	-0.64	115700	399244	

## Trading Ideas for the Day

- # GBPINR trading range for the day is 102.31-103.67.
- # GBP dropped hurt by the U.S. Federal Reserve's hawkish surprise while data also showed an unexpected fall in Britain's retail sales.
- # The Fed surprised markets by signalling it would raise interest rates and end emergency bond-buying sooner than expected.
- # British retail sales fell 1.4% between April and May as a lifting of lockdown restrictions encouraged spending in restaurants rather than shops.

## Market Snapshot

GBPINR yesterday settled down by -0.64% at 102.85 hurt by the U.S. Federal Reserve's hawkish surprise while data also showed an unexpected fall in Britain's retail sales. The Fed surprised markets by signalling it would raise interest rates and end emergency bond-buying sooner than expected. British retail sales fell 1.4% between April and May as a lifting of lockdown restrictions encouraged spending in restaurants rather than shops. Participants are weighing up the Bank of England and the Fed's relative pace of possible monetary policy tightening. The Bank of England next meets on June 24. Investors are watching a dispute between Britain and European Union over post-Brexit trade in the British province of Northern Ireland, which has a land border with EU member Ireland. British consumer price inflation jumped to 2.1% in May, above the Bank of England's 2.0% target and its highest since July 2019, official figures showed. The acceleration of price growth from April's 1.5% was driven in large part by the comparison effect with May 2020 when the country was in its first tight lockdown, especially for clothing, motor fuel, games and take-away food. Core inflation, which excludes the price of food, energy and other volatile items, rose to 2.0% in the 12 months to May, the Office for National Statistics said. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 103.012 Technically market is under long liquidation as market has witnessed drop in open interest by -11.77% to settled at 115700 while prices down -0.66 rupees, now GBPINR is getting support at 102.58 and below same could see a test of 102.31 levels, and resistance is now likely to be seen at 103.26, a move above could see prices testing 103.67.

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## NSE-CUR JPYINR Jun 2021



	Open	High	Low	Close
	67.47	67.54	67.08	67.22
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	67.48	67.74	67.94	
	Support 1	Support 2	Support 3	
	67.02	66.82	66.56	
Net Change	% Change	Open Interest	Volume	
0.17	0.25	23224	62003	

### Trading Ideas for the Day

- # JPYINR trading range for the day is 66.82-67.74.
- # JPY remained supported as the Bank of Japan announced an extension of its pandemic-relief programme.
- # BOJ unveils plan to launch new scheme on climate change, keeps policy steady
- # The BOJ maintained its yield curve control targets set at -0.1% for short-term interest rates and around 0% for 10-year bond yields.

### Market Snapshot

JPYINR yesterday settled up by 0.25% at 67.22 as the Bank of Japan announced an extension of its pandemic-relief programme. The Bank of Japan said it will launch a new scheme to encourage financial institutions to boost lending and investment for fighting climate change, in a surprise move underscoring the growing attention central banks are putting on the topic. The BOJ said it expects to launch the scheme by the end of this year, and will release a preliminary outline of the scheme at its next policy-setting meeting in July. "Climate change issues could exert an extremely large impact on economic activity, prices and financial conditions from a medium- to long-term perspective," the BOJ said in a statement. "Supporting private-sector efforts from a central bank's standpoint will contribute to stabilising the economy in the long run," it said. As widely expected, the BOJ kept its yield curve control target at -0.1% for short-term rates and 0% for 10-year bond yields at the two-day rate review that ended on Friday. The central bank also decided to extend by six months the September deadline for asset-buying and loan programmes introduced last year to channel funds to pandemic-hit firms. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 67.35. Technically market is under short covering as market has witnessed drop in open interest by -7.78% to settled at 23224 while prices up 0.165 rupees, now JPYINR is getting support at 67.02 and below same could see a test of 66.82 levels, and resistance is now likely to be seen at 67.48, a move above could see prices testing 67.74.

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## NEWS YOU CAN USE

# The Federal Reserve made its highly anticipated monetary policy announcement Wednesday afternoon, and while the statement was largely unchanged from the previous meeting, the central bank's latest projections now point to an increase in interest rates in 2023. The latest projections from Fed officials suggest interest rates will be increased to 0.6 percent in 2023 compared to previous projections indicating rates would remain at near-zero levels. Seven officials expect a rate hike as soon as 2022. The forecast for higher rates in 2023 comes as the median estimate for GDP growth in the year was raised to 2.4 percent from the 2.2 percent forecast in March. Core consumer price inflation is still expected to increase by 2.1 percent in 2023. "We had assumed the Fed would be a little more willing to let inflation rip in favor of ensuring a 'broad and inclusive' labor market recovery - and were only forecasting one 25bp rate hike," said Paul Ashworth, Chief U.S. Economist at Capital Economics. "But we clearly misjudged the Fed's evolving reaction function and tolerance for inflation."

# The Bank of Japan said it will launch a new scheme to encourage financial institutions to boost lending and investment for fighting climate change, in a surprise move underscoring the growing attention central banks are putting on the topic. The BOJ said it expects to launch the scheme by the end of this year, and will release a preliminary outline of the scheme at its next policy-setting meeting in July. "Climate change issues could exert an extremely large impact on economic activity, prices and financial conditions from a medium- to long-term perspective," the BOJ said in a statement. "Supporting private-sector efforts from a central bank's standpoint will contribute to stabilising the economy in the long run," it said. As widely expected, the BOJ kept its yield curve control target at -0.1% for short-term rates and 0% for 10-year bond yields at the two-day rate review that ended on Friday.

# The European Union received over 107 billion euros (\$130 billion) of demand for the first bond backing its recovery fund, a lead manager said, an issue that marks a key step in establishing the EU as a major borrower. The 10-year bond is the first of up to 800 billion euros of issuance by the EU to finance the fund, which will make grants and loans to member states until 2026 to help their economies recover from the COVID-19 pandemic. France's junior minister for European affairs recently said the bond sale would raise 10 billion euros. The EU has already issued 90 billion euros of debt since last October to back its employment support programme SURE. But the scale of the new programme, which the 27-country EU is managing similarly to a government borrower, has the potential to transform it into the world's biggest supranational debt issuer.

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