

# HDFC securities Retail Research

## Currency Insights Weekly

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## Currency Movements

Currency	26-Mar-21	19-Mar-21	Chg.	% Chg
DXY Index	92.766	91.919	0.847	0.92%
EURUSD	1.179	1.190	-0.011	-0.92%
GBPUSD	1.379	1.387	-0.008	-0.60%
USDJPY	109.64	108.88	0.760	0.70%
USDINR	72.5162	72.5163	0.000	0.00%
EURINR	85.5099	86.2474	-0.737	-0.86%
GBPINR	100.0079	100.9713	-0.963	-0.95%
JPYINR	66.21	66.63	-0.420	-0.63%
1M USDINR NDF	72.9	72.91	-0.010	-0.01%

## RBI Reference Rate

Currency	26-Mar-21	19-Mar-21	Chg.	% Chg
USDINR	72.4046	72.5155	-0.111	-0.15%
EURINR	85.3129	86.4515	-1.139	-1.32%
GBPINR	99.6234	100.943	-1.320	-1.31%
JPYINR	66.26	66.64	-0.380	-0.57%

## India 10 Year G-Sec.

Instrument	26-Mar-21	19-Mar-21	Chg.
India 10 Yr. Bond Yield	6.125	6.193	-0.068

## Buoyant Economic Data and Higher UST Yields Augur Well For Dollar Index

- » Last week, Rupee took a break after three week's gain. It closed at 71.52 a dollar with no change from previous week level. The momentum in rupee remained on positive side following month end dollar inflows and rebound in risk sentiments. Rupee recouped start of the week losses as domestic equities rallied on Friday. However, growth worries remain intact as Covid-19 cases in the India and other developing nations are rising again, reversing months of progress thanks to loosened restrictions which could make safe haven dollar dearer.
- » This week will be holiday truncated and have only two trading session. Rupee expected to trade sideways to bullish as financial year end adjustment has been done. The focus now will be shifted to economic data and spread of virus infection. Technically, spot USDINR is having support at 72.26 and resistance at 72.85 with negative bias.
- » **Fund Flow Activities:** So far this month, overseas investors bought worth \$3.07 billion equities and while sold \$1.19billion debt. Through, Initial public offering and additional offering investors (Domestic + Foreign) bought \$2.96 billion this month, as per Bloomberg data.
- » **Indian Forex Reserves:** Country's forex kitty rose \$233 million to \$582.271 billion in the week to March 19, the Reserve Bank of India (RBI) said on Friday.
- » There are a few inputs which on paper look to carry dollar higher this week against major trading currencies. The encouraging US macro data and Joe Biden's launch of his \$3trn infrastructure plan bode well for American dollar along with cut in dollar short positions.
- » **CFTC Update:** The most notable flow was selling of 14k yen futures and short covering in dollar. Traders also sold sterling (6.8k), CAD (5.2k), CHF (1.8k), AUD (1.7k) and NZD (1.3k). They did, however, buy a little euro (3.3k). All in, the aggregate dollar short fell by some \$2.6 billion to \$9.9 billion.
- » **Federal Reserve Balance-sheet:** US Reserve Bank Credit (the sum total of interest-bearing assets at the Fed) rose \$49 billion from a week ago to mark a fresh high-water mark at \$7.69 trillion.

## USDINR April Futures Daily Chart



## Technical Observations:

- » USDINR April futures formed hanging man candlestick on Friday which could act as reversal. The level to watch for reversal will be above 73.08 or below 72.78
- » The pair is struggling to cross the short term moving average of 20 days. Also, the lower top lower bottom formation on daily and weekly chart indicating continuation of down trend.
- » Momentum oscillator, RSI of 14 days period hovering below 50 level and weaken in three days suggesting negative momentum.
- » We remain bearish in USDINR April futures until it closes above 73.30 level while on downside we see level of 72.40.

## EURINR April Futures Weekly Chart



## Technical Observations:

- » EURINR April Futures below 50 weeks moving average while held the September low of 85.835. The short term moving average is placed below medium term moving averages on daily chart.
- » The pair has next crucial support at 85.55, low of September month on continues chart. Breaking of the said level could open further downside and it may touch level of 83.33, the 100 week moving average.
- » Momentum oscillator, RSI heading southwards on daily and weekly chart.
- » We continue to remain bearish EURINR April futures and expecting level of 83.50 odd level on breach of 85.80 level. The near term resistance will shift to 87.15, the 50 weeks moving average.

## GBPINR April Futures Weekly Chart



## Technical Observations:

- GBPINR April futures closed below 13 Weeks moving average. Short term trend turned weak as the pair has broken the rising trend line support. It has near term support of 20 week moving average i.e. 100.40 and breaking of the same will open downside of 99.59.
- Momentum oscillator, RSI exited from overbought zone heading towards south suggesting weakness in momentum.
- MACD has given negative cross over to MACD Average and heading towards zero line suggesting weakness in the trend.
- The above technical evidences suggest bearishness in GBPINR April Futures and short term traders should make short sell below 100.40 for target of 99.58 and 97.50 keeping stop above 101.50

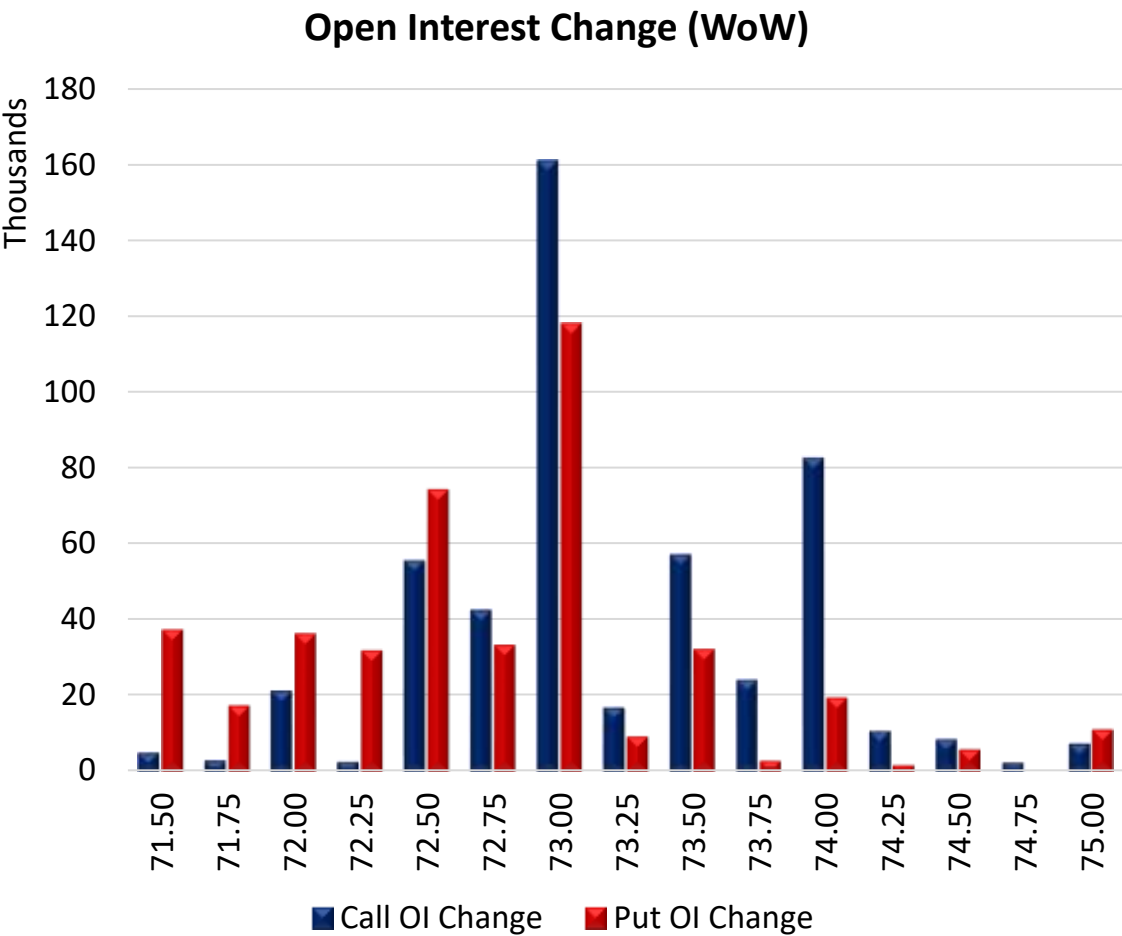
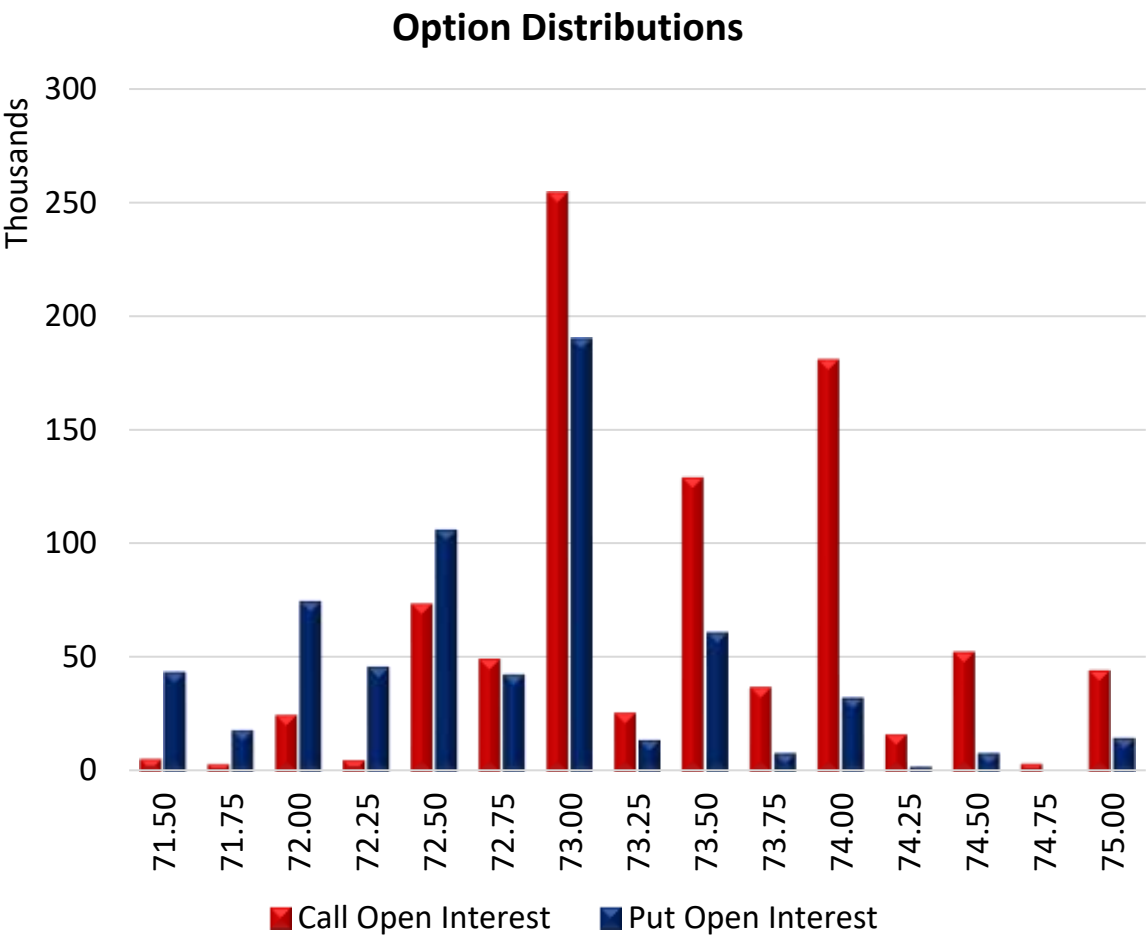
## JPYINR April Futures Weekly Chart



## Technical Observations:

- JPYINR April futures closed below 100 weeks simple moving average and heading towards 200 weeks moving average, 64.41.
- The pair has rising trend line support at 68.80, adjoining low of 61.53 and 63.90.
- Momentum oscillator stochastic entered in oversold zone and MACD line placed below zero line with negative cross over suggesting downward momentum trend.
- ADX line started strengthening with -DI placed above +DI suggesting downtrend trend.
- Looking at the above technical evidences, we recommend holding of short sell in JPYINR April future for Target of 64.40 keeping short loss at 69.

USDINR April Option Distribution



## Dollar Index Daily Chart



## GBPUSD Daily Chart



USDJPY Daily Chart



## Currency Derivative Price Actions

PAIR	OPEN	HIGH	LOW	CLOSE	WKLY % CHG.	NEAR MONTH OI	WKLY OI % CHG.	VOLUME	WKLY VOL. % CHG.	DERIVATIVE SETUP
USDINR April Futures	73.1800	73.2500	72.7825	72.9825	-0.27%	2994230	162.6%	4110124	748.5%	Short Build-up
EURINR April Futures	86.9700	87.1000	85.8600	86.0450	-1.06%	96734	39.5%	194170	1007.3%	Short Build-up
GBPINR April Futures	101.4000	101.4000	100.0425	100.4925	-0.89%	104276	6.9%	241966	341.4%	Short Build-up
JPYINR April Futures	67.1825	67.5375	66.6150	66.6675	-0.77%	31556	172.3%	59402	627.1%	Short Build-up
EURUSD April Futures	1.1896	1.1940	1.1787	1.1792	-0.87%	2800	8650.0%	2670	66650.0%	Short Build-up
GBPUSD April Futures	1.3820	1.3862	1.3664	1.3772	-0.35%	851	2736.7%	1609	3054.9%	Short Build-up
USDJPY April Futures	108.46	109.45	108.40	109.44	0.90%	753	14960.0%	737	24466.7%	Long Build-up

## Technical Levels

PAIR	CLOSE	PIVOT	RESI 3	RESI 2	RESI 1	SUPT 1	SUPT 2	SUPT 3
USDINR April Futures	72.9825	73.0050	73.9400	73.4725	73.2275	72.7600	72.5375	72.0700
EURINR April Futures	86.0450	86.3350	88.8150	87.5750	86.8100	85.5700	85.0950	83.8550
GBPINR April Futures	100.4925	100.6450	103.3600	102.0025	101.2475	99.8900	99.2875	97.9300
JPYINR April Futures	66.6675	66.9400	68.7850	67.8625	67.2650	66.3425	66.0175	65.0950
EURUSD April Futures	1.1792	1.1840	1.2146	1.1993	1.1892	1.1739	1.1687	1.1534
GBPUSD April Futures	1.3772	1.3766	1.4162	1.3964	1.3868	1.3670	1.3568	1.3370
USDJPY April Futures	109.44	109.10	111.20	110.15	109.79	108.74	108.05	107.00



Economic Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
29 March	30 March	31 March	1 April	2 April
India: Market Holiday	EC: Consumer confidence	Japan: IIP China: PMI UK: GDP, Current Account EC : CPI India: Fiscal Deficit, Eight core, BoP US : ADP employment chg., Pending Home sales	India Holiday: New Financial Year	India Holiday Good Friday

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