

# CURRENCY REPORT

KEDIA ADVISORY

Thursday, March 25, 2021

## Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Mar 2021	72.65	72.80	72.60	72.68	↑ 0.19	2555313	-8.81	1875882	72.70
EUR-INR	Mar 2021	86.20	86.26	85.99	86.04	↓ -0.25	78927	-7.06	134788	86.09
GBP-INR	Mar 2021	99.91	99.91	99.56	99.74	↓ -0.18	90899	-7.90	202979	99.70
JPY-INR	Mar 2021	67.00	67.11	66.85	66.91	↑ 0.02	31352	-3.03	42822	66.98

## Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.1814	1.1823	1.1801	1.1822	↑ 0.07
EURGBP	0.8628	0.8634	0.8624	0.8625	↓ -0.06
EURJPY	128.43	128.81	128.33	128.80	↑ 0.25
GBPJPY	148.80	149.32	148.70	149.29	↑ 0.30
GBPUSD	1.3687	1.3705	1.3676	1.3704	↑ 0.11
USDJPY	108.75	108.99	108.64	108.94	↑ 0.18

## Economical Data

TIME	ZONE	DATA
12:30pm	EUR	German GfK Consumer Climate
2:30pm	EUR	ECB Economic Bulletin
2:30pm	EUR	M3 Money Supply y/y
2:30pm	EUR	Private Loans y/y
3:00pm	EUR	ECB President Lagarde Speaks
3:00pm	EUR	German Buba President Weidmann
3:00pm	USD	FOMC Member Williams Speaks
6:00pm	USD	Final GDP q/q
6:00pm	USD	Final GDP Price Index q/q
6:00pm	USD	Unemployment Claims
7:30pm	EUR	Belgian NBB Business Climate
8:00pm	USD	FOMC Member Williams Speaks
8:00pm	USD	Natural Gas Storage

## Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5927.0	↓	Gold\$	1734.5	→ 0.01
DAX	14575.1	↓	Silver\$	25.0	↓ -0.17
DJIA	32423.2	↓	Crude\$	60.7	↑ 5.92
FTSE 100	7586.8	↓	Copper \$	8883.0	↓ -0.07
HANG SENG	27777.8	↓	Aluminium \$	2251.5	↑ 0.16
KOSPI	2029.5	↓	Nickel\$	16100.0	↓ -0.53
NASDAQ	13227.7	↓	Lead\$	1930.5	↓ -0.13
NIKKEI 225	21521.5	↓	Zinc\$	2794.5	↑ 0.32

## 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	24/03/2021	5,577.51	7,529.41	-1,951.90

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

Category	Date	Buy Value	Sell Value	Net Value
DII	24/03/2021	5,581.34	4,968.54	612.80

## Spread

Currency	Spread
NSE-CUR USDINR MAR-APR	0.47
NSE-CUR EURINR MAR-APR	0.61
NSE-CUR GBPINR MAR-APR	0.58
NSE-CUR JPYINR MAR-APR	0.44

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## NSE-CUR USDINR Mar 2021



	Open	High	Low	Close
	72.65	72.80	72.60	72.68
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	72.78	72.88	72.97	
	Support 1	Support 2	Support 3	
	72.59	72.50	72.40	
Net Change	% Change	Open Interest	Volume	
0.14	0.19	2555313	1875882	

## Trading Ideas for the Day

- # USDINR trading range for the day is 72.5-72.88.
- # USDINR gained amid worries over European lockdowns, U.S. taxes sap risk appetite
- # India's FY21 goods exports likely to be 8-10% lower, to reach \$1 trillion digital economy quickly: Piyush Goyal.
- # India trade gap was revised slightly lower to USD 12.62 billion in February of 2021 from a preliminary of USD 12.9 billion in February of 2021.

## Market Snapshot

USDINR yesterday settled up by 0.19% at 72.68 amid concerns over a third COVID-19 wave in Europe, potential U.S. tax hikes and escalating tensions between the West and China sapped risk appetite. Commerce and industry minister Piyush Goyal said India's FY21 goods exports are likely to be just 8-10% lower than the previous fiscal when outbound shipments were \$314 billion. Services exports, except hospitality and tourism, are likely to witness a 10% dip, he said. Goyal also said that India's digital ecosystem is valued at around \$200 billion and the country's ambition to grow five times to \$1 trillion can be reached quickly given its comparative advantage. 'We will be almost getting back to the level of trade in goods of last year, possibly with a 10% shortage that's all,' Goyal said at the Services Conclave organised by the Confederation of Indian Industry. India trade gap was revised slightly lower to USD 12.62 billion in February of 2021 from a preliminary of USD 12.9 billion in February of 2021. Still, it remains higher than USD 10.16 billion a year earlier. Exports increased 0.7% to USD 27.93 billion, better than initial estimates of a 0.3 percent drop. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.6558. Technically market is under short covering as market has witnessed drop in open interest by -8.81% to settled at 2555313 while prices up 0.1375 rupees, now USDINR is getting support at 72.59 and below same could see a test of 72.5 levels, and resistance is now likely to be seen at 72.78, a move above could see prices testing 72.88.

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## NSE-CUR EURINR Mar 2021



	Open	High	Low	Close
	86.20	86.26	85.99	86.04
Support and Resistance for the Day		<b>Resit 1</b>	<b>Resit 2</b>	<b>Resit 3</b>
		86.20	86.36	86.46
		<b>Support 1</b>	<b>Support 2</b>	<b>Support 3</b>
		85.94	85.84	85.68
Net Change	% Change	Open Interest	Volume	
-0.22	-0.25	78927	134788	

## Trading Ideas for the Day

- # EURINR trading range for the day is 85.84-86.36.
- # Euro dropped amid extended lockdown in Germany and tensions with China over sanctions weighed on investor's risk appetite.
- # Meanwhile, bond yields fell across the region, while recent data showed the ECB bought €28 billion worth of bonds last week
- # The ECB said it would conduct emergency bond purchases at a significantly higher pace over the next quarter, aiming to bring government bond yields down

## Market Snapshot

EURINR yesterday settled down by -0.25% at 86.0425 amid a general dollar strength as an uncertain coronavirus outlook, extended lockdown in Germany and tensions with China over sanctions weighed on investor's risk appetite. Meanwhile, bond yields fell across the region, while recent data showed the ECB bought €28 billion worth of bonds last week, a 48% increase over the previous week and the biggest weekly amount since December 4th. During its March monetary policy meeting, the ECB said it would conduct emergency bond purchases at a significantly higher pace over the next quarter, aiming to bring government bond yields down and to support the Eurozone economic recovery. Severe recession caused by the coronavirus pandemic is set to lead to a deterioration in bank asset quality in the euro area, the Chair of the Supervisory Board of the European Central Bank Andrea Enria said. The impact will be more "prominent in sectors most affected by the pandemic and the subsequent lockdown measures" and could reflect differences in the strength and speed of the recovery across areas of business, Enria said at a hearing in the European Parliament. As part of the ECB's Covid-19 credit risk strategy, bank supervisors will closely investigate and monitor potential cliff-edge effects in asset quality that could occur once public support measures related to COVID-19 are withdrawn, Enria said. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 86.023 Technically market is under long liquidation as market has witnessed drop in open interest by -7.06% to settled at 78927 while prices down -0.215 rupees, now EURINR is getting support at 85.94 and below same could see a test of 85.84 levels, and resistance is now likely to be seen at 86.2, a move above could see prices testing 86.36.

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## NSE-CUR GBPINR Mar 2021



	Open	High	Low	Close
	99.91	99.91	99.56	99.74
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	99.91	100.08	100.26	
	Support 1	Support 2	Support 3	
	99.56	99.38	99.21	
Net Change	% Change	Open Interest	Volume	
-0.18	-0.18	90899	202979	

## Trading Ideas for the Day

- # GBPINR trading range for the day is 99.38-100.08.
- # GBP dropped as the EU considers banning COVID-19 vaccine exports to Britain, which relies heavily on imports for its vaccination drive.
- # The UK unemployment rate unexpectedly fell to 5% in the three months to January
- # The dollar rose on comments from Powell that the economic recovery had progressed more quickly than expected and appeared to be strengthening.

## Market Snapshot

GBPINR yesterday settled down by -0.18% at 99.735 amid a general risk aversion as Europe is grappling with a sluggish vaccination campaign and threatens to ban doses' exports. After falling far behind post-Brexit Britain and the United States in rolling out vaccines, European Union leaders are due to discuss a possible ban on exports to Britain on Thursday. Britain demanded on Monday that the EU allow the delivery of COVID-19 vaccines it has ordered as tensions mounted and Brussels pointed an accusing finger at AstraZeneca. The dollar index rose on comments from Powell that the economic recovery had progressed more quickly than expected and appeared to be strengthening. Powell noted that the economic recovery is "far from complete," however, and stressed the Fed will continue to provide the support that the economy needs for "as long as it takes." A month ago, bets that Britain's rapid vaccination drive would lead to a faster reopening of an economy that suffered its worst annual contraction in 300 years propelled the pound as much as 4.2% higher against the dollar on the year. However, those bets are starting to unwind, and the pound has fallen from its perch of being the best-performing G10 currency as the dollar has strengthened on rising bond yields. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 99.615 Technically market is under long liquidation as market has witnessed drop in open interest by -7.9% to settled at 90899 while prices down -0.1825 rupees, now GBPINR is getting support at 99.56 and below same could see a test of 99.38 levels, and resistance is now likely to be seen at 99.91, a move above could see prices testing 100.08.

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## NSE-CUR JPYINR Mar 2021



	Open	High	Low	Close
	67.00	67.11	66.85	66.91
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	67.06	67.21	67.31	
	Support 1	Support 2	Support 3	
	66.81	66.71	66.56	
Net Change	% Change	Open Interest	Volume	
0.02	0.02	31352	42822	

## Trading Ideas for the Day

- # JPYINR trading range for the day is 66.71-67.21.
- # JPY settled flat after prices gained earlier as Japan's Manufacturing PMI rose to 52.0 in March 2021 from a final 51.4 in the previous month
- # Japan's Services PMI went up to a three-month high of 46.5 in March 2021 from a final 45.8 in February, preliminary data showed.
- # The yield on Japan's 10-year government bond declined to a five-week low of 0.066%, which came in tandem with a further retreat in US Treasury yields.

## Market Snapshot

JPYINR yesterday settled up by 0.02% at 66.9125 after Japan's Manufacturing PMI rose to 52.0 in March 2021 from a final 51.4 in the previous month and in line with market consensus, a flash figure showed. This was the second straight month of growth in factory activity and the steepest pace since December 2018, as a recovery in the economy from the COVID-19 pandemic gained traction, with new orders expanding the most since October 2018 while both output and new export orders continuing to grow. The au Jibun Bank Japan Services PMI went up to a three-month high of 46.5 in March 2021 from a final 45.8 in February, preliminary data showed. Still, this was the 14th straight month of contraction in the service sector, amid ongoing restrictions on movement due to coronavirus. New orders fell at the softest pace since October 2020 and export sales dropped at a slower rate. Meantime, employment rose the most in 22 months, amid a softer drop in backlogs of works. The yield on Japan's 10-year government bond declined to a five-week low of 0.066%, which came in tandem with a further retreat in US Treasury yields. Fed chair Jerome Powell appeared relaxed about the recent sharp moves in rates so far, saying to Congress that inflation will not get out of hand. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 66.96. Technically market is under short covering as market has witnessed drop in open interest by -3.03% to settled at 31352 while prices up 0.015 rupees, now JPYINR is getting support at 66.81 and below same could see a test of 66.71 levels, and resistance is now likely to be seen at 67.06, a move above could see prices testing 67.21.

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## NEWS YOU CAN USE

# Severe recession caused by the coronavirus pandemic is set to lead to a deterioration in bank asset quality in the euro area, the Chair of the Supervisory Board of the European Central Bank Andrea Enria said. The impact will be more "prominent in sectors most affected by the pandemic and the subsequent lockdown measures" and could reflect differences in the strength and speed of the recovery across areas of business, Enria said at a hearing in the European Parliament. As part of the ECB's Covid-19 credit risk strategy, bank supervisors will closely investigate and monitor potential cliff-edge effects in asset quality that could occur once public support measures related to COVID-19 are withdrawn, Enria said. The ECB has also asked banks to adequately prepare for the upcoming increase in nonperforming loans, or NPLs. In an environment of low interest rates and rising credit losses, there is no one-size-fits all structural solution for banks, Enria said. The central banker urged banks to adjust their business models to ensure their sustainability in such conditions.

# A report released by the Commerce Department showed a nosedive by U.S. new home sales in the month of February. The Commerce Department said new home sales plummeted by 18.2 percent to an annual rate of 775,000 in February after jumping by 3.2 percent to an upwardly revised rate of 948,000 in January. With the much bigger than expected decrease, new home sales plunged to their lowest rate since hitting 698,000 last May. The steep drop in new home sales reflected sharp declines in all four regions of the country, with new home sales in the Midwest leading the way lower with a 37.5 percent nosedive. New home sales in the West and South also plummeted by 16.4 percent and 14.7 percent, respectively, while new home sales in the Northeast slumped by 11.6 percent. The report also showed the median sales price of new houses sold in February was \$349,400, down 1.1 percent from \$353,200 In January but up 5.3 percent from \$331,800 in the same month a year ago.

# Existing home sales in the U.S. tumbled by much more than expected in the month of February, according to a report released by the National Association of Realtors. NAR said existing home sales plunged by 6.6 percent to an annual rate of 6.22 million in February after inching up by 0.2 percent to a downwardly revised rate of 6.66 million in January. The report said existing home sales in February were up by 9.1 percent compared to a rate of 5.70 million in the same month a year ago. NAR also said total housing inventory in February was unchanged from January at 1.03 million units, down 29.5 percent from 1.46 million a year ago. The unsold inventory represents 2.0 months of supply at the current sale pace, up from 1.9 months in January but down from 3.1 months in February of 2020. The report also said single family home sales plummeted by 6.6 percent to a rate of 5.52 million, while existing condominium and co-op sales tumbled by 6.7 percent to a rate of 700,000. The Commerce Department is scheduled to release a separate report on new home sales in the month of February. New home sales are expected to plunge by 6.5 percent.

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