

# HDFC securities Retail Research Currency Insights Weekly

17 May 2021



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## Currency Movements

Currency	14-May-21	07-May-21	Chg.	% Chg
DXY Index	90.321	90.233	0.088	0.10%
EURUSD	1.214	1.217	-0.002	-0.21%
GBPUSD	1.410	1.398	0.011	0.81%
USDJPY	109.35	108.60	0.750	0.69%
USDINR	73.294	73.511	-0.218	-0.30%
EURINR	88.742	88.783	-0.041	-0.05%
GBPINR	103.051	102.317	0.734	0.72%
JPYINR	0.670	0.674	-0.003	-0.50%
1M USDINR NDF	73.660	73.640	0.020	0.03%

## RBI Reference Rate

Currency	14-May-21	07-May-21	Chg.	% Chg
USDINR	73.3721	73.7443	-0.3722	-0.50%
EURINR	88.7568	88.8997	-0.1429	-0.16%
GBPINR	103.0467	102.5075	0.5392	0.53%
JPYINR	67.0100	67.5500	-0.5400	-0.80%

## India 10 Year G-Sec.

Instrument	14-May-21	07-May-21	Chg.
GS2030	5.9860	6.0150	-0.0290

## No need to overreact economic data

- »» Indian rupee gained for third week in row following dollar inflows and recovery in risk-sentiment. Spot USDINR ended the week with loss of 22 paise or 0.30% to 73.29. The momentum for rupee remains on bullish side amid broad based dollar weakness, expectation of dollar inflows in equities, steady decline in new virus cases and rebound risk-assets. Technically, spot USDINR is expected to show level of 72.70 on break of psychological level of 73 while 73.70 remains big hurdle for bulls.
- »» The end to a wild week is being met by sell on rally action for greenback as it dropped amid a combination of falling Treasury yields and rising commodity prices. The middle of May is historically a volatile period, so predicting the greenback's future direction may be best-suited for coming sessions. Nonetheless, there is a bias to sell dollars as market anticipate central banks will remain accommodative after mixed bag of economic data against historical appreciation.
- »» India's merchandise exports and imports remained robust in April despite localized lockdowns across the country amid base effects. The year on year exports rose by 195.72% to \$30.63b and imports by 167.05% to \$45.72b turning out net trade deficit at \$15.1b.
- »» India's forex reserves back near all time high of in the week ending May 7, the reserves increased to \$589.465 billion from \$588.020 billion reported for the week ended April 3.
- »» On Friday, ICE dollar index dropped as risk appetite recovered and the prospect of rate hikes occurring sooner faded after mixed US economic data. Against a basket of six major currencies, the U.S. dollar index shed one tenth of percentage to 90.32 in the week gone. The surprisingly muted retail sales report weighed on benchmark 10-year Treasury yields, which fell to 1.6284%. The drop in yields flattened the yield curve, an indicator of economic growth expectations.
- »» **CFTC Data:** In FX, flows generally skewed towards dollar selling. Prime beneficiaries included the euro (9.1k), sterling (8.3k), and CAD (12.7k). There was a bit of dollar demand versus the CHF (2.9k). All told, the aggregate dollar short rose by \$2.5 billion on the week.

## USDINR May Futures Daily Chart



## Technical Observations:

- USDINR May futures closed below 100 days simple moving average and short term moving averages placed below medium term moving averages.
- It has been forming lower top lower bottom on daily chart.
- The pair has immediate support at 73.07 followed by 72.70 and resistance at 74.30.
- Momentum oscillator, relative strength index of 14 days period placed below 50 and about to enter oversold zone suggesting continuation of weaker trend.
- The bias for USDINR May futures remain bearish with downside support at 73.07 followed by 72.70 while 73.70 as resistance.

## EURINR May Futures Daily Chart



## Technical Observations:

- EURINR May futures formed multiple Doji candles on daily chart suggesting indecisiveness among traders.
- The pair has support at 100 days simple moving average support at 88.68 and 50 days simple moving average support at 88.33.
- Short term moving averages placed above medium term moving averages.
- Momentum oscillator, relative strength index of 14 days period turned weak on daily chart indicating short term profit booking.
- Near term trend for the pair remains bullish until it holds the level of 88.30 level on weekly basis while on higher side we could see level of 90 and 90.50.



## GBPINR May Futures Daily Chart



## Technical Observations:

- GBPINR May futures has been holding support at 50 days simple moving average.
- The pair has been trading in upward sloping channel with higher highs and lows indicating bullish trend.
- Momentum oscillator, relative strength index of 14 days sustaining well above 50 levels but formation of lower high with price indicating near term slowing of positive momentum.
- MACD sustained well above zero line and spread between MACD and MACD average narrowed.
- We remain bullish in GBPINR May futures and expect up trend to hold till it remains above 102 while on higher side 105 and 105.50 act as hurdle.

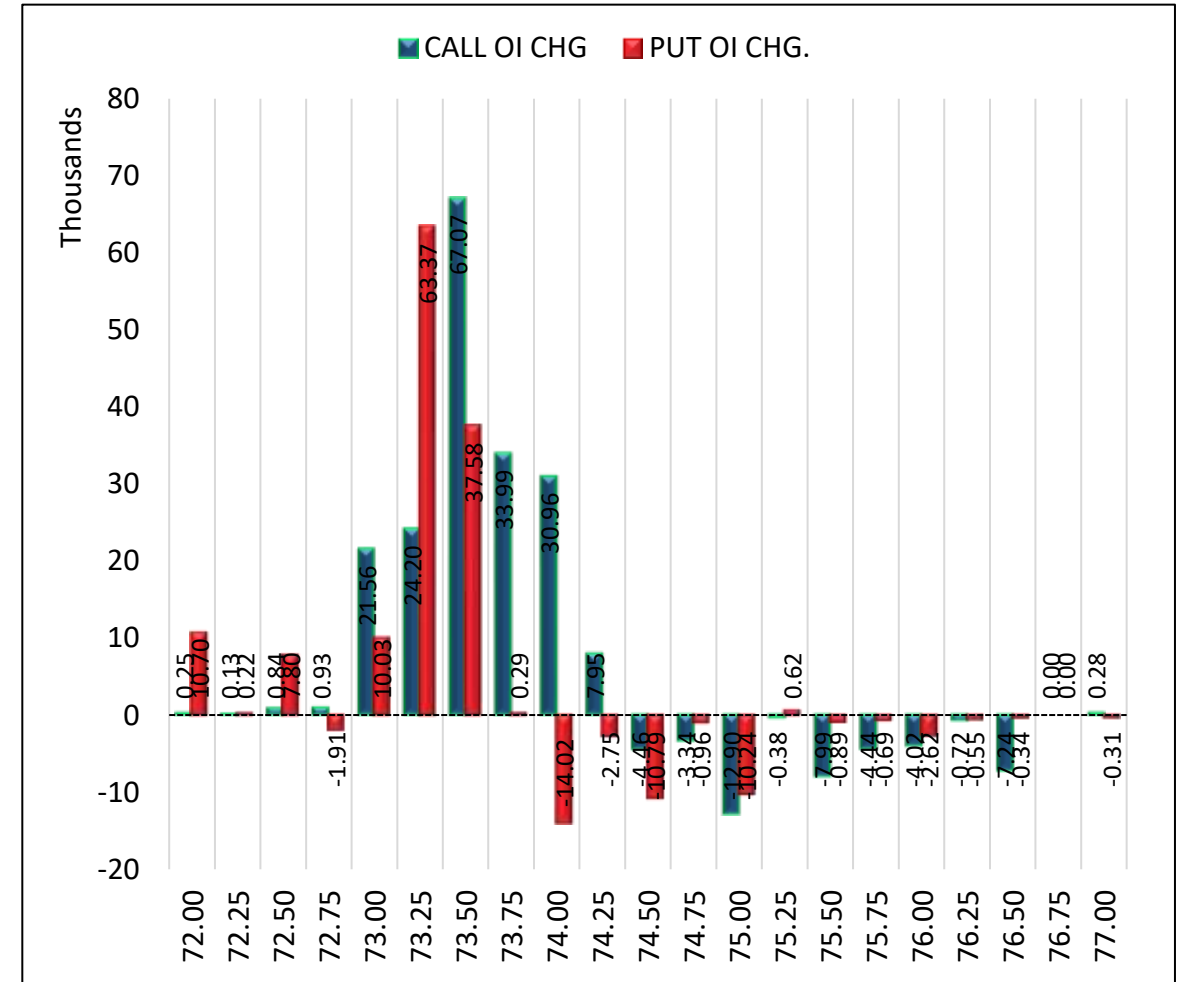
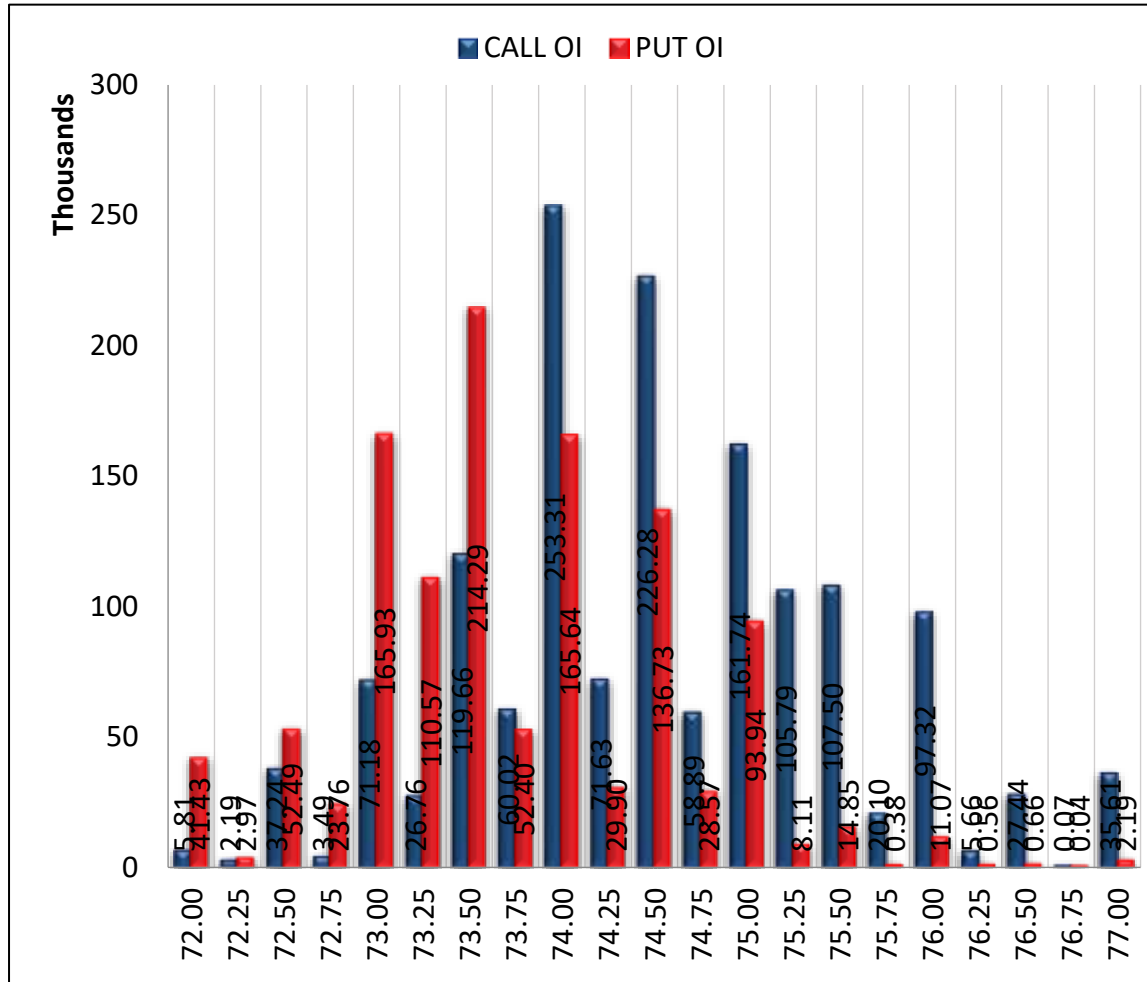
## JPYINR May Futures Daily Chart



## Technical Observations:

- JPYINR May futures reversed from 100 days simple moving average and fell below 50 days simple moving average.
- On Friday, the pair opened with gap down and headed lower suggesting continuation of down trend.
- Momentum oscillator, relative strength index of 14 days period placed at 37 and moving towards oversold zone suggesting negative trend.
- MACD also placed below zero line with downward direction suggesting weaker trend.
- JPYINR May futures expected to trade with negative bias and breaking of 67 level will open for 66.40 and 66.25 while faces resistance at 67.85.

## USDINR May Option Distribution



## Dollar Index Daily Chart



## EURUSD Daily Chart



## GBPUSD Daily Chart



## USDJPY Daily Chart





## Currency Derivative Price Actions

Currency	HIGH	LOW	CLOSE	WKLY CHG.	WKLY % CHG.	NEAR MONTH OI	WKLY OI CHG	OI % Chg.	VOLUME	WKLY VOL CHG	Volume % Chg.
NSE INRUSD Future May21	73.7400	73.3600	73.4350	-0.2275	-0.31%	2601757	-46928	-2%	1508661	-638810	-30%
NSE EURINR Future May21	89.6100	88.8350	88.9975	0.0050	0.01%	102773	-11181	-10%	117852	-22431	-16%
NSE GBPINR Future May21	104.2400	102.8600	103.3700	0.8800	0.86%	121351	-25474	-17%	259368	20985	9%
NSE JPYINR Future May21	67.7475	67.1150	67.1825	-0.3300	-0.49%	19507	2954	18%	31391	5267	20%
NSE EURUSD Future May21	1.2179	1.2085	1.2122	0.0043	0.36%	2728	320	13%	1646	582	55%
NSE GBPUSD Future May21	1.4211	1.4014	1.4074	0.0163	1.17%	6029	4187	227%	1524	840	123%
NSE USDJPY Future May21	109.47	108.61	109.29	0.15	0.14%	107	-5	-4%	77	57	285%

## Technical Levels

Currency	Resi.2	Resi.1	Pivot	Supt.1	Supt.2	8 DEMA	21 DEMA	50 DEMA	UPPER BOLL	LOWER BOLL	RSI
NSE INRUSD Future May21	73.89	73.66	73.51	73.28	73.13	73.77	74.13	74.21	75.86	73.11	33.48
NSE EURINR Future May21	89.92	89.46	89.15	88.69	88.37	89.34	89.40	89.25	91.20	88.60	45.14
NSE GBPINR Future May21	104.87	104.12	103.49	102.74	102.11	103.52	103.40	102.92	105.15	102.37	50.58
NSE JPYINR Future May21	67.98	67.58	67.35	66.95	66.72	67.71	68.09	68.58	70.20	66.81	34.86
NSE EURUSD Future May21	1.2223	1.2172	1.2129	1.2078	1.2035	1.2110	1.2062	1.2034	1.2176	1.1972	58.92
NSE GBPUSD Future May21	1.4297	1.4185	1.4100	1.3988	1.3903	1.4032	1.3951	1.3878	1.4133	1.3732	62.03
NSE USDJPY Future May21	109.98	109.64	109.12	108.78	108.26	108.95	108.88	108.25	109.66	107.78	56.94

# Economic Calendar : May 2021



Monday	Tuesday	Wednesday	Thursday	Friday
<b>China:</b> IIP <b>US:</b> Empire Mfg.	<b>Japan:</b> GDP <b>EU:</b> Trade Balance, GDP <b>US:</b> Building Permit, Housing starts	<b>Japan:</b> IIP <b>UK, EU:</b> CPI <b>US:</b> MBA Mortgage, FOMC Minutes	<b>Japan:</b> Trade Balance <b>China:</b> 1 & 5yr Lending Rate <b>ECB:</b> Current Account <b>US:</b> Initial & Continuing Claims	<b>Japan:</b> Natl CPI <b>US:</b> Existing Home Sales
24 May	25 May	26 May	27 May	28 May
<b>US:</b> Chicago Fed. Activity	<b>US:</b> New Home Sales	<b>India:</b> Buddha Purnima Holiday <b>US:</b> MBA Mortgage	<b>China:</b> Industrial Profit <b>US:</b> Initial & Continuing Claims, Durable Goods, GDP, Core PCE	<b>EU :</b> Consumer Confidence <b>US:</b> Personal Income & Spending, Uni. Of Mich. sentiment
31 May				
<b>China:</b> Official PMI <b>India:</b> Fiscal Deficit, GDP, Eight Core Infra,				

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