

HDFC securities Retail Research Currency Monthly

June 2021



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Currency Movements

Currency	28-May-21	30-Apr-21	Chg.	% Chg
DXY Index	90.031	91.280	-1.249	-1.37%
EURUSD	1.219	1.202	0.017	1.43%
GBPUSD	1.419	1.382	0.037	2.65%
USDJPY	109.85	109.31	0.540	0.49%
USDINR	72.448	74.088	-1.640	-2.21%
EURINR	88.287	89.600	-1.313	-1.46%
GBPINR	102.745	103.023	-0.278	-0.27%
JPYINR	66.00	68.10	-2.10	-3.11%
1M USDINR NDF	72.74	74.53	-1.79	-2.40%

RBI Reference Rate

Currency	28-May-21	30-Apr-21	Chg.	% Chg
USDINR	72.4767	74.0232	-1.5465	-2.09%
EURINR	88.2307	89.6905	-1.4598	-1.63%
GBPINR	102.7724	103.1592	-0.3868	-0.37%
JPYINR	65.9600	68.0200	-2.0600	-3.03%

India 10 Year G-Sec.

Instrument	28-May-21	30-Apr-21	Chg.
GS2030	6.0040	6.0300	-0.0260

All Eyes will be on Central Banks

- »»» Bucking the historical down trend of weakness in May month, Indian rupee gained 2.21% to 72.45 a dollar following weakness in broad-based dollar index, strong foreign fund inflows and risk-on sentiments. Even after sharp surge in domestic virus cases and weaker economic data, market placed for better prospectus of inflows as market participants rush for higher carry and better return with lower volatility. Central bank is in no mood to stop the appreciation following higher commodity prices and may give room for rupee appreciations.
- »»» For the quarter end adjustment and central bank policy decision, forex markets likely to see relatively higher volatility and set the stage for trend reversal. Spot USDINR is expected to trade with negative bias in coming month as there are series of IPO could hit the market which will be favourable for rupee bulls.
- »»» Spot USDINR is having crucial support at 72.27 and breaking of the same will open the way for 71.50 and 70.50 while resistance has been shifted to 73.80.
- »»» In the month gone, country's foreign exchange hit the record high of \$592.89b for the week ending 21 May, reserves up by \$4.9b from April end's \$588.02b.
- »»» Technical analysis matters a lot in the foreign exchange markets, and that moment helped traders decide that they weren't prepared to take it higher. Two months ago, the dollar index was rallying, and touched its 200-day moving average, suggesting that it was ready to break higher. Now the dollar index is at another possible parting of the ways. If the currency drops further from here, it sets a new seven-year low, and strengthens the belief that it is now in a secular downturn. From the technical level front, we will focus on 88 level on downside 92 on upside.
- »»» The critical questions to answer in June, will we have the appetite to take the dollar lower? On balance, we should prepare for a major period of dollar weakness- unless the next raft of data shows that inflation really does take off in the U.S. and forces the Fed into tightening earlier than it wants.

USDINR Continues Future Weekly Chart



Technical Observations:

- » USDINR June futures formed Doji candlestick pattern near previous bottom indicating indecisiveness.
- » The pair closed well above short term moving average while having resistance at 50 DMA at 74.20.
- » Momentum oscillator, Relative Strength Index of 14 week periods southwards and placed below 50 mark suggesting weaker momentum.
- » MACD line flattened below zero line which is suggesting consolidation.
- » The above technical evidences suggesting continuation of bearishness but as there is doji candle on weekly chart short term traders should wait for 72.60 to break.
- » **Monthly Range : 71.50 to 73.90**

EURINR Continues Future Weekly Chart



Technical Observations:

- »» The spread between 20 and 50 weeks moving averages getting narrowed and might get flat following consolidation in the price. EURINR June futures made second doji with lower closing indicating higher level selling. However, the trend still remains positive amid higher top higher bottom formation on weekly chart.
- »» Momentum oscillator, Relative Strength Index of 14 weeks placed above 50 with flat line indicating consolidation.
- »» Near term trend for EURINR June futures likely to consolidate with near term support at 87.80 and resistance at 90.80
- »» **Monthly Range : 87.50 to 90.80.**

GBPINR Continues Future Weekly Chart



Technical Observations:

- GBPINR formed doji candlestick pattern on weekly chart and has been consolidating in the range of 102 to 104 through the month. The pair has been holding the support of 20 Weeks simple moving averages.
- The formation of higher highs and lows on daily and weekly span indicating continuation of upward momentum.
- Momentum oscillators and indicators on weekly chart flatten near overbought zone suggesting consolidation.
- GBPINR June futures medium term trend remains bullish with higher side resistance at 105 and support at 101.50.
- **Monthly Range : 101.50 to 105**

JPYINR Continues Future Weekly Chart



Technical Observations:

- » JPYINR futures fell for a fifth week in row indicating bearishness. The pair also broken the previous bottom support of 66.25.
- » The short term moving averages are placed below medium term moving averages suggesting down trend.
- » Momentum oscillator, RSI on weekly chart hovering near oversold zone while MACD placed below zero line with negative cross over indicating continuation of bearish trend.
- » We remain bearish in JPYINR June futures and expect pair to head towards 64 odd levels after some short covering bounce.
- » **Monthly Range : 68.20 to 64**

Dollar Index Weekly Chart



>> Dollar index resisted at short term moving average of 20 days. The formation remains bearish amid lower top lower bottom on daily and weekly time frames. Momentum oscillators are highly oversold on daily chart indicating consolidation with minor short covering bounce. Near term outlook for DXY remains bearish until it starts forming higher highs and lows. The buck has support between 89 to 88 range while resistance at 92.50.

EURUSD Weekly Chart



>> As we can see from the chart, EURUSD is mirroring the DXY amid higher weight in index. It has been holding well above short term moving average with higher top higher bottom. Though, the momentum oscillators are hovering near overbought zone, the formation of negative divergence could limit the upside. Short term trend for EURUSD remains bullish till it holds 1.20 while on higher side we see resistance at 1.2350.

GBPUSD Weekly Chart



» GBPUSD steadily moving north with higher highs and lows on daily chart. The sustainable trade above 1.425 will open for 1.44 level. The pair has support at 1.4082 and 1.3926, the 20 and 50 days moving average line. Momentum oscillators are hovering near overbought zone indicating consolidation. We remain bullish in GBPUSD and expect level of 1.43 in coming weeks.

USDJPY Weekly Chart



» USDJPY forming higher highs and lows on daily chart while the range remains tight between 108 to 110. The pair has strong support near 109 level. Momentum oscillators and indicators signaling bullishness. From the level front, short term traders should watch 110 for fresh upward move while breaking below 109 will negate the bullish view.

Currency Derivative Price Actions

Currency	HIGH	LOW	CLOSE	MONTHLY CHG.	MONTHLY % CHG.	JUN MONTH OI	MONTHLY OI CHG	OI % CHG.	VOLUME
NSE INRUSD Future Jun21	75.0375	72.6575	72.8150	-1.9150	-2.56%	2596655	2050927	376%	3168133
NSE EURINR Future Jun21	90.3000	88.5000	88.7025	-1.6450	-1.82%	99005	54229	121%	136832
NSE GBPINR Future Jun21	104.8500	102.8575	103.1850	-0.7475	-0.72%	126400	70614	127%	231972
NSE JPYINR Future Jun21	68.4675	66.1875	66.2575	-2.4075	-3.51%	35423	32550	1133%	44840
NSE EURUSD Future Jun21	1.2260	1.1293	1.2180	0.0080	0.66%	2578	--	--	1823
NSE GBPUSD Future Jun21	1.4218	1.2449	1.4166	0.0247	1.77%	2698	--	--	962
NSE USDJPY Future Jun21	109.8500	106.8100	109.85	1.07	0.98%	110	--	--	93

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 Jun21	75.88	74.35	73.50	71.97	71.12	73.25	73.77	74.16	75.04	72.69	24.28
NSE EURINR Future Jun21	90.97	89.84	89.17	88.04	87.37	89.35	89.60	89.60	90.52	88.90	35.86
NSE GBPINR Future Jun21	105.62	104.40	103.63	102.41	101.64	103.60	103.76	103.44	104.69	102.93	43.54
NSE JPYINR Future Jun21	69.25	67.75	66.97	65.47	64.69	67.10	67.68	68.38	68.90	66.58	24.05
NSE EURUSD Future Jun21	1.2878	1.2529	1.1911	1.1562	1.0944	1.2193	1.2146	1.2091	1.2279	1.2013	55.46
NSE GBPUSD Future Jun21	1.5380	1.4773	1.3611	1.3004	1.1842	1.4144	1.4069	1.3963	1.4287	1.3829	61.69
NSE USDJPY Future Jun21	111.88	110.86	108.84	107.82	105.80	109.16	109.02	108.50	109.66	108.48	62.62

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NAME	CLOSE	1 DAY (%)	5 DAY (%)	1 MONTH (%)	3 MONTH (%)	6 MONTH (%)	YTD (%)
DOLLAR INDEX SPOT	90.031	0.07	0.02	(1.37)	(0.93)	(1.92)	0.10
Euro Spot	1.2192	(0.02)	0.08	1.43	1.19	2.22	(0.20)
British Pound Spot	1.4188	(0.13)	0.27	2.65	1.89	6.49	3.79
Japanese Yen Spot	109.85	(0.04)	(0.81)	(0.49)	(2.81)	(5.04)	(6.01)
Indian Rupee Spot	72.4475	0.19	0.54	2.26	1.52	2.20	0.85
Brazilian Real Spot	5.2257	0.26	2.70	4.06	7.82	2.56	(0.52)
Australian Dollar Spot	0.7712	(0.45)	(0.26)	(0.05)	(0.77)	5.01	0.23
South Korean Won Spot	1115.4	0.23	1.03	(0.27)	0.72	(0.81)	(2.60)
S. African Rand Spot	13.7649	0.06	1.43	5.30	8.96	12.37	6.75
Canadian Dollar Spot	1.2076	(0.08)	(0.08)	1.75	4.72	7.66	5.37
Swiss Franc Spot	0.8999	(0.34)	(0.22)	1.47	1.70	1.00	(1.63)
China Renminbi Spot	6.3685	0.23	1.03	1.67	1.53	3.30	2.49
Indonesian Rupiah Spot	14285	0.02	0.49	1.12	(0.21)	(1.16)	(1.65)
Gold Spot \$/Oz	1903.77	0.38	1.20	7.61	10.36	7.14	0.29
Silver Spot \$/Oz	27.9352	0.33	1.34	7.79	5.13	23.37	5.81
WTI CRUDE FUTURE Jul21	66.32	(0.79)	4.31	4.47	10.31	44.08	36.69
Nifty 50	15435.7	0.64	1.72	5.50	6.24	19.02	10.40
S&P BSE SENSEX INDEX	51422.9	0.60	1.75	5.41	4.73	16.47	7.69
DOW JONES INDUS. AVG	34529.5	0.19	0.94	1.93	11.63	16.50	12.82
S&P 500 INDEX	4204.1	0.08	1.16	0.55	10.31	16.08	11.93
NASDAQ COMPOSITE	13748.7	0.09	2.06	(1.53)	4.22	12.71	6.68
FTSE 100 INDEX	7022.6	0.04	0.06	0.76	8.32	12.07	8.70
CAC 40 INDEX	6484.1	0.75	1.53	3.42	13.69	17.50	16.80
DAX INDEX	15520.0	0.74	0.97	2.54	12.58	16.77	13.13
NIKKEI 225	29149.4	2.10	2.94	1.17	0.63	10.27	6.21
HANG SENG INDEX	29124.4	0.04	2.34	1.39	0.50	10.56	6.95
SHANGHAI SE COMPOSITE	3600.8	(0.22)	3.28	4.47	2.61	6.16	3.68

Economic Calendar : June 2021

Monday	Tuesday	Wednesday	Thursday	Friday
	1 June	2 June	3 June	4 June
	Japan, China, India, EU, UK US: Mfg. PMI EU: Unemployment, Core CPI US: ISM Mfg., Dallas Fed. Mfg.	EU: PPI US: Beige Book, MBA Mortgage	China, India, EU, UK, US : Services & Composite PMI US: ADP Employment, Initial & Continuing Claim	India: RBI Policy UK: Construction PMI; EU: Retail sales US: Change in Nonfarm Payrolls, Unemployment, Durable goods & Factory order
7 June	8 June	9 June	10 June	11 June
China: Trade Balance	Japan: BoP, GDP EU: GDP; US: Trade Balance	China: CPI, PPI US: MBA Mortgage	Japan: PPI; EU: ECB Meeting US: CPI, Initial & Continuing Claim	UK: Industrial & Mfg. Production. Trade balance India: Industrial Production (IIP)
14 June	15 June	16 June	17 June	18 June
China: Dragon Boat Holiday Japan, EU : IIP, India: WPI, CPI	UK: ILO unemployment India, EU: Trade Balance	Japan: Trade Balance China: IIP, Retail Sales; UK: CPI US: MBA Mortgage, Building Permit, Housing Starts, FOMC Rate Decision	EU: CPI US: Initial & Continuing Claim	Japan: Natl CPI, Japan: BoJ Policy EU: ECB Current Account
21 June	22 June	23 June	24 June	25 June
China: 1 & 5 Yr. LPR	EU: Consumer Confidence US: Existing Home sales	US: CA, New Home Sales,	EU: ECB Economic Bulletin UK: BoE Rate Policy US: Durable Goods, Initial & Continuing Claim, GDP, Core PCE	US: Personal Income & Spending China: BoP Current Account
28 June	29 June	30 June		
UK: Natl House Price	EU: Consumer Confidence	Japan: IIP ; China: Mfg. Service & Composite PMI; US: ADP Employment Change UK: GDP, Current Account, EU: CPI, India: Fiscal Balance, Eight Core Infra, BoP Current Account		

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