

CURRENCY REPORT

KEDIA ADVISORY

Tuesday, May 4, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	May 2021	74.53	74.69	74.31	74.34	↓ -0.07	2774368	0.78	2377548	74.53
EUR-INR	May 2021	89.70	89.86	89.58	89.64	↓ -0.31	125753	-0.79	158561	89.70
GBP-INR	May 2021	103.16	103.27	102.95	103.14	↓ -0.36	158619	-2.45	214041	103.12
JPY-INR	May 2021	68.10	68.17	67.88	67.94	↓ -0.64	16212	1.52	40890	68.03

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2063	1.2064	1.2042	1.2044	↓ -0.16
EURGBP	0.8669	0.8679	0.8666	0.8676	↑ 0.08
EURJPY	131.55	131.64	131.46	131.58	↑ 0.05
GBPJPY	151.70	151.76	151.55	151.64	↓ -0.04
GBPUSD	1.3910	1.3914	1.3876	1.3881	↓ -0.19
USDJPY	109.06	109.26	109.00	109.24	↑ 0.16

Economical Data

TIME	ZONE	DATA
12:15pm	EUR	French Gov Budget Balance
2:00pm	GBP	Final Manufacturing PMI
2:00pm	GBP	M4 Money Supply m/m
2:00pm	GBP	Mortgage Approvals
2:00pm	GBP	Net Lending to Individuals m/m
6:00pm	USD	Trade Balance
7:30pm	USD	Factory Orders m/m
Tentative	USD	IBD/TIPP Economic Optimism

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6303.4	↑	Gold\$	1790.3	↓ -0.12
DAX	15233.9	↑	Silver\$	26.8	↓ -0.19
DJIA	33874.9	↓	Crude\$	64.4	↑ 1.43
FTSE 100	7586.8	↓	Copper \$	9920.5	↑ 1.14
HANG SENG	27777.8	↓	Aluminium \$	2432.5	↑ 0.50
KOSPI	2029.5	↓	Nickel\$	17635.0	↑ 0.37
NASDAQ	13962.7	↓	Lead\$	2152.5	↑ 0.42
NIKKEI 225	21521.5	↓	Zinc\$	2936.5	↑ 0.65

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	3/5/2021	4,273.18	6,562.64	-2,289.46

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

Category	Date	Buy Value	Sell Value	Net Value
DII	3/5/2021	4,366.26	3,813.34	552.92

Spread

Currency	Spread
NSE-CUR USDINR MAY-JUN	0.37
NSE-CUR EURINR MAY-JUN	0.47
NSE-CUR GBPINR MAY-JUN	0.47
NSE-CUR JPYINR MAY-JUN	0.35

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NSE-CUR USDINR May 2021



	Open	High	Low	Close
	74.53	74.69	74.31	74.34
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	74.58	74.82	74.96	
	Support 1	Support 2	Support 3	
	74.20	74.06	73.82	
Net Change	% Change	Open Interest	Volume	
-0.06	-0.07	2774368	2377548	

Trading Ideas for the Day

- # USDINR trading range for the day is 74.06-74.82.
- # USDINR remained in range as investors also weighed growing calls to curb economic activity to check a surge in COVID-19 infections.
- # India April trade deficit at \$15.24 bln -trade ministry
- # S&P Global Ratings said the second wave of COVID infections poses downside risks to India's GDP and heightens the possibility of business disruptions.

Market Snapshot

USDINR yesterday settled down by -0.07% at 74.335 as investors also weighed growing calls to curb economic activity to check a surge in COVID-19 infections. India's trade deficit in goods was \$15.24 billion in April, preliminary data released by the government showed. Merchandise exports rose to \$30.21 billion for the month from \$10.17 billion a year earlier, while imports rose to \$45.45 billion from \$17.09 billion, the data showed. Last year India was under a strict national lockdown to curb the spread of the coronavirus, leading to a significant reduction in international trade volumes. S&P Global Ratings said the second wave of COVID infections poses downside risks to India's GDP and heightens the possibility of business disruptions. "This may prompt us to revise our base-case assumption of 11 percent growth over fiscal 2021-2022, particularly if the government is forced to reimpose broad containment measures," S&P said in a statement. RBI Governor Shaktikanta Das said that there is Clear signs of revival of growth in domestic economy. Rapidly rising cases of COVID-19 is the single biggest challenge to ongoing economic recovery in India, said Reserve Bank of India (RBI) governor Shaktikanta Das during the monetary policy committee meeting, according to the minutes. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 74.1812 Technically market is under fresh selling as market has witnessed gain in open interest by 0.78% to settled at 2774368 while prices down -0.055 rupees, now USDINR is getting support at 74.2 and below same could see a test of 74.06 levels, and resistance is now likely to be seen at 74.58, a move above could see prices testing 74.82.

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NSE-CUR EURINR May 2021



	Open	High	Low	Close
	89.70	89.86	89.58	89.64
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	89.80	89.96	90.07	
	Support 1	Support 2	Support 3	
	89.53	89.42	89.26	
Net Change	% Change	Open Interest	Volume	
-0.28	-0.31	125753	158561	

Trading Ideas for the Day

- # EURINR trading range for the day is 89.42-89.96.
- # Euro dropped as the dollar clung to a recent bounce with central bank meetings and big-ticket U.S. economic data
- # ECB Bundesbank's Weidmann: Money supply increases won't spur sustained high inflation.
- # ECB Bundesbank's Weidmann: Huge stimulus might make the ECB's price stability goals more difficult to achieve.

Market Snapshot

EURINR yesterday settled down by -0.31% at 89.6375 as the dollar clung to a recent bounce investors made a cautious start to a week crammed with central bank meetings and big-ticket U.S. economic data, looking for clues on the outlook for global inflation and for policymakers' response. Central bankers should not try to redistribute wealth through monetary policy as they lack the tools and legitimacy to do so, European Central Bank policymaker Jens Weidmann said. The ECB is reviewing its strategy and President Christine Lagarde has put equality on the agenda along with other issues, such as climate change, which have not traditionally been part of the central bank's focus. Weidmann, who is also president of Germany's Bundesbank, reaffirmed his scepticism, saying monetary policy was too blunt a tool to address wealth distribution and this should be left to elected politicians. Eurozone inflation accelerated in April on higher energy prices, flash estimate from Eurostat showed. Inflation rose to 1.6 percent in April, in line with expectations, from 1.3 percent in March. Final data is due on May 19. On a monthly basis, the harmonized index of consumer prices gained 0.6 percent in April. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 89.1683. Technically market is under long liquidation as market has witnessed drop in open interest by -0.79% to settled at 125753 while prices down -0.275 rupees, now EURINR is getting support at 89.53 and below same could see a test of 89.42 levels, and resistance is now likely to be seen at 89.8, a move above could see prices testing 89.96.

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NSE-CUR GBPINR May 2021



	Open	High	Low	Close
	103.16	103.27	102.95	103.14
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		103.29	103.44	103.61
		Support 1	Support 2	Support 3
	102.97	102.80	102.65	
Net Change	% Change	Open Interest	Volume	
	-0.37	-0.36	158619	214041

Trading Ideas for the Day

- # GBPINR trading range for the day is 102.8-103.44.
- # GBP dropped with traders holding off major bets before the Bank of England's policy meeting.
- # Britain's government borrowed 303.1 billion pounds (\$420.1 billion) in the financial year which ended last month
- # UK house prices increased at the fastest pace since 2004 after the extension of the stamp duty holiday

Market Snapshot

GBPINR yesterday settled down by -0.36% at 103.1375 with traders holding off major bets before the Bank of England's policy meeting. Market players also see a low likelihood of any tapering of its QE until the extent of Britain's economic recovery from the COVID-19 becomes clearer. Britain's government borrowed 303.1 billion pounds (\$420.1 billion) in the financial year which ended last month, an increase of 246 billion pounds on the previous year as it resorted to a huge surge in spending and tax cuts to offset the economic hit from the COVID-19 pandemic. UK house prices increased at the fastest pace since 2004 after the extension of the stamp duty holiday, data published by the Nationwide Building Society showed. House prices grew 2.1 percent month-on-month in April, the biggest monthly rise since February 2004. Average house prices reached a new record high of GBP 238,831 in April. On a yearly basis, house prices inflation rose to 7.1 percent from 5.7 percent in March. The rate was expected to slow to 5 percent in April. UK car production increased for the first time since summer 2019, the Society of Motor Manufacturers and Traders, or SMMT, said. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 102.5006. Technically market is under long liquidation as market has witnessed drop in open interest by -2.45% to settled at 158619 while prices down -0.3675 rupees, now GBPINR is getting support at 102.97 and below same could see a test of 102.8 levels, and resistance is now likely to be seen at 103.29, a move above could see prices testing 103.44.

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NSE-CUR JPYINR May 2021



	Open	High	Low	Close
	68.10	68.17	67.88	67.94
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	68.11	68.28	68.39	
	Support 1	Support 2	Support 3	
	67.83	67.72	67.55	
Net Change	% Change	Open Interest	Volume	
-0.44	-0.64	16212	40890	

Trading Ideas for the Day

- # JPYINR trading range for the day is 67.72-68.28.
- # JPY dropped driven lower by a dovish outlook by the Bank of Japan, while worries over rising COVID-19 cases also sapped sentiment
- # The au Jibun Bank Japan Manufacturing PMI rose to 53.6 in April, the 3rd straight month of growth and the strongest since April 2018
- # While the consumer confidence index decreased by 1.4 points from the previous month to 34.7.

Market Snapshot

JPYINR yesterday settled down by -0.64% at 67.94 driven lower by a dovish outlook by the Bank of Japan, while stronger-than-expected US economic data and worries over rising COVID-19 cases also sapped sentiment. On the coronavirus front, the country reported 5,900 new COVID-19 cases as Tokyo and the western prefectures of Osaka, Kyoto and Hyogo remain under a state of emergency through May 11, covering the Golden Week holiday period. Japan's housing starts increased in March and consumer confidence weakened in April, data showed. Housing starts increased 1.5 percent year-on-year in March, after a 3.7 percent fall in February, data from the Ministry of Land, Infrastructure, Transport and Tourism revealed. Annualized housing starts decreased to 880,000 in March from 808,000 in the previous month. Data also showed that construction orders received by big 50 contractors grew 12.5 percent on year in March, following a 2.5 percent increase in February. Industrial output in Japan climbed a seasonally adjusted 2.2 percent on month in March, the Ministry of Economy, Trade and Industry said. On a yearly basis, industrial production advanced 4.0 percent - again exceeding forecasts for an increase of 1.0 percent following the 2.0 percent contraction in the previous month. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 67.7 Technically market is under fresh selling as market has witnessed gain in open interest by 1.52% to settled at 16212 while prices down -0.435 rupees, now JPYINR is getting support at 67.83 and below same could see a test of 67.72 levels, and resistance is now likely to be seen at 68.11, a move above could see prices testing 68.28.

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NEWS YOU CAN USE

Central bankers should not try to redistribute wealth through monetary policy as they lack the tools and legitimacy to do so, European Central Bank policymaker Jens Weidmann said. The ECB is reviewing its strategy and President Christine Lagarde has put equality on the agenda along with other issues, such as climate change, which have not traditionally been part of the central bank's focus. Weidmann, who is also president of Germany's Bundesbank, reaffirmed his scepticism, saying monetary policy was too blunt a tool to address wealth distribution and this should be left to elected politicians. "Central banks should not employ monetary policy to pursue distributive aims," Weidmann said at a virtual event. "Not only do we lack the democratic legitimacy to do so, the vagueness of the effects also renders monetary policy ill-suited for targeted interventions to tackle distributional issues."

The euro area economy slipped back into recession in the first quarter as restrictions imposed to contain the coronavirus pandemic dampened economic activity, the preliminary flash estimate published by Eurostat, showed. Gross domestic product contracted 0.6 percent from the fourth quarter, when GDP was down 0.7 percent. GDP was forecast to drop at a faster pace of 0.8 percent. After a record expansion in the third quarter of 2020, GDP had fallen for the second straight time, pushing the economy back into a technical recession. On a yearly basis, GDP fell 1.8 percent in the first quarter, but slower than the 4.9 percent decrease seen in the fourth quarter. The EU27 GDP shrank 0.4 percent sequentially in the first three months of 2021 and by 1.7 percent from the last year. Eurostat reported that the annual growth rates were negative for all EU countries except for France and Lithuania.

China's manufacturing sector grew at the fastest pace in four months in April, survey results from IHS Markit showed. The Caixin manufacturing Purchasing Managers' Index rose to 51.9 in April from an 11-month low of 50.6 in March. A score above 50 indicates expansion in the sector. Driven by improved market conditions and greater customer demand, total new orders grew for the eleventh straight month in April. Greater inflows of new work led goods producers in China to expand production volumes again in April, with the rate of expansion also improving to a four-month high. The sustained increase in sales led to a further accumulation in backlogs of work. Consequently, manufacturers added to their staff numbers for the first time in five months. Prices data showed a further rapid increase in input costs amid reports of supplier price hikes. The latest increase in expenses was the quickest since November 2017.

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