

# CURRENCY REPORT

KEDIA ADVISORY

Thursday, May 6, 2021

## Currency Table

| Currency | Exp. Date | Open   | High   | Low    | Close  | Change  | O.Int   | % Cng OI | Volume  | ATP    |
|----------|-----------|--------|--------|--------|--------|---------|---------|----------|---------|--------|
| USD-INR  | May 2021  | 74.30  | 74.37  | 74.18  | 74.20  | ↓ -0.08 | 2698092 | -3.61    | 2130464 | 74.26  |
| EUR-INR  | May 2021  | 89.27  | 89.39  | 89.08  | 89.20  | ↓ -0.06 | 118863  | -0.45    | 105526  | 89.21  |
| GBP-INR  | May 2021  | 103.22 | 103.35 | 103.08 | 103.25 | ↑ 0.19  | 150074  | -4.17    | 233936  | 103.23 |
| JPY-INR  | May 2021  | 67.93  | 68.02  | 67.87  | 67.92  | ↑ 0.04  | 16896   | 10.90    | 33564   | 67.94  |

## Currency Spot (Asian Trading)

| Particulars | Open   | High   | Low    | LTP    | % Change |
|-------------|--------|--------|--------|--------|----------|
| EURUSD      | 1.2004 | 1.2012 | 1.1991 | 1.1995 | ↓ -0.09  |
| EURGBP      | 0.8630 | 0.8640 | 0.8627 | 0.8635 | ↑ 0.04   |
| EURJPY      | 131.10 | 131.33 | 131.00 | 131.19 | ↑ 0.08   |
| GBPJPY      | 151.81 | 152.10 | 151.76 | 151.92 | ↑ 0.07   |
| GBPUSD      | 1.3903 | 1.3914 | 1.3882 | 1.3889 | ↓ -0.09  |
| USDJPY      | 109.18 | 109.43 | 109.12 | 109.37 | ↑ 0.19   |

## Economical Data

| TIME      | ZONE | DATA                            |
|-----------|------|---------------------------------|
| 12:30am   | USD  | FOMC Member Evans Speaks        |
| 11:30am   | EUR  | German Factory Orders m/m       |
| 1:30pm    | EUR  | ECB Economic Bulletin           |
| 2:30pm    | EUR  | Retail Sales m/m                |
| Tentative | EUR  | Spanish 10-y Bond Auction       |
| Tentative | EUR  | French 10-y Bond Auction        |
| 5:00pm    | USD  | Challenger Job Cuts y/y         |
| 6:00pm    | USD  | Unemployment Claims             |
| 6:00pm    | USD  | Prelim Nonfarm Productivity q/q |
| 6:00pm    | USD  | Prelim Unit Labor Costs q/q     |
| 8:00pm    | USD  | Natural Gas Storage             |

## Stock Indices

| Index      | Last    | Change | Commodity    | Last    | Change  |
|------------|---------|--------|--------------|---------|---------|
| CAC40      | 6300.8  | ↑      | Gold\$       | 1788.5  | ↑ 0.12  |
| DAX        | 15047.1 | ↑      | Silver\$     | 26.4    | → 0.01  |
| DJIA       | 34133.0 | ↑      | Crude\$      | 65.2    | ↓ -0.09 |
| FTSE 100   | 7586.8  | ↓      | Copper \$    | 9951.5  | ↑ 0.20  |
| HANG SENG  | 27777.8 | ↓      | Aluminium \$ | 2454.5  | ↑ 0.29  |
| KOSPI      | 2029.5  | ↓      | Nickel\$     | 17455.0 | ↓ -2.43 |
| NASDAQ     | 13633.5 | ↓      | Lead\$       | 2152.5  | ↓ -0.76 |
| NIKKEI 225 | 21521.5 | ↓      | Zinc\$       | 2904.0  | ↓ -0.92 |

## 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  | 5/5/2021 | 4,955.96  | 6,066.46   | -1,110.50 |

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

| Category | Date     | Buy Value | Sell Value | Net Value |
|----------|----------|-----------|------------|-----------|
| DII      | 5/5/2021 | 4,255.47  | 4,496.08   | -240.61   |

## Spread

| Currency               | Spread |
|------------------------|--------|
| NSE-CUR USDINR MAY-JUN | 0.36   |
| NSE-CUR EURINR MAY-JUN | 0.46   |
| NSE-CUR GBPINR MAY-JUN | 0.45   |
| NSE-CUR JPYINR MAY-JUN | 0.30   |

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## NSE-CUR USDINR May 2021



|                                    | Open      | High          | Low       | Close |
|------------------------------------|-----------|---------------|-----------|-------|
|                                    | 74.30     | 74.37         | 74.18     | 74.20 |
| Support and Resistance for the Day | Resit 1   | Resit 2       | Resit 3   |       |
|                                    | 74.32     | 74.45         | 74.52     |       |
|                                    | Support 1 | Support 2     | Support 3 |       |
|                                    | 74.12     | 74.05         | 73.92     |       |
| Net Change                         | % Change  | Open Interest | Volume    |       |
| -0.06                              | -0.08     | 2698092       | 2130464   |       |

## Trading Ideas for the Day

- # USDINR trading range for the day is 74.05-74.45.
- # USDINR remained in range after RBI announced new loan-relief measures for small businesses and pledged to inject INR 500 billion of liquidity
- # RBI Governor Das says forex reserves of USD 588 billion give us the confidence to deal with global spillovers.
- # The IHS Markit India Services PMI declined to 54.0 in April of 2021 from 54.6 in the previous month

## Market Snapshot

USDINR yesterday settled down by -0.08% at 74.195 after the Reserve Bank of India announced today new loan-relief measures for small businesses and pledged to inject INR 500 billion of liquidity, including fresh lending to vaccine-makers, in a bid to support the economy against a new wave of COVID-19 cases. RBI Governor Das says forex reserves of USD 588 billion give us the confidence to deal with global spillovers. The first G-Sap auctions elicited an enthusiastic response. G-Sap is contributing to softening of G-Sec yields, and in turn private sector borrowing in the market. Inflation trajectory over the rest of the year will be shaped by COVID-19 and local containment measures. CPI inflation was at 5.5% in March 2021 from 5% in February 2021. Core inflation remained elevated. Price pressure in pulses & edible oil remain. Normal southwest monsoon should help contain food prices. The IHS Markit India Services PMI declined to 54.0 in April of 2021 from 54.6 in the previous month, and below market expectations of 51.1. The reading pointed to the seventh straight month of expansion in the sector, but the weakest pace since January, as output growth eased to 3-month low, while new orders continued to rise, despite the rate of expansion softened. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 73.9666 Technically market is under long liquidation as market has witnessed drop in open interest by -3.61% to settled at 2698092 while prices down -0.0625 rupees, now USDINR is getting support at 74.12 and below same could see a test of 74.05 levels, and resistance is now likely to be seen at 74.32, a move above could see prices testing 74.45.

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Thursday, May 6, 2021

## NSE-CUR EURINR May 2021



|                                    | Open      | High          | Low       | Close |
|------------------------------------|-----------|---------------|-----------|-------|
|                                    | 89.27     | 89.39         | 89.08     | 89.20 |
| Support and Resistance for the Day | Resit 1   | Resit 2       | Resit 3   |       |
|                                    | 89.36     | 89.53         | 89.67     |       |
|                                    | Support 1 | Support 2     | Support 3 |       |
|                                    | 89.05     | 88.91         | 88.74     |       |
| Net Change                         | % Change  | Open Interest | Volume    |       |
| -0.06                              | -0.06     | 118863        | 105526    |       |

## Trading Ideas for the Day

- # EURINR trading range for the day is 88.91-89.53.
- # Euro settled flat as the Eurozone manufacturing activity logged a record expansion in April
- # Driven by rising market confidence, manufacturing output and new orders remained close to March's survey records.
- # Germany's retail sales grew at a much faster pace in March, data from Destatis showed.

## Market Snapshot

EURINR yesterday settled down by -0.06% at 89.195 as the Eurozone manufacturing activity logged a record expansion in April, albeit at a slower than previously estimated pace, final data from IHS Markit showed. The manufacturing Purchasing Managers' Index improved to 62.9 in April from 62.5 in March. The flash reading was 63.3. This was the highest level since June 1997 and the sector has expanded for the tenth straight month. Driven by rising market confidence, manufacturing output and new orders remained close to March's survey records. Manufacturers and clients anticipate a sharp rise in activity over the coming months, as restrictions related to COVID-19 are relaxed. Germany's retail sales grew at a much faster pace in March, data from Destatis showed. Retail sales grew by a real 7.7 percent on a monthly basis in March, faster than the 2.7 percent increase in February and 3 percent rise had forecast. On a yearly basis, retail sales rebounded 11 percent, reversing a 6.6 percent fall in the previous month and confounding expectations for a decrease of 0.3 percent. Data showed that food, beverages and tobacco sales gained 2.9 percent and non-food product sales surged 17.5 percent. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.7964 Technically market is under long liquidation as market has witnessed drop in open interest by -0.45% to settled at 118863 while prices down -0.055 rupees, now EURINR is getting support at 89.05 and below same could see a test of 88.91 levels, and resistance is now likely to be seen at 89.36, a move above could see prices testing 89.53.

# CURRENCY REPORT

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Thursday, May 6, 2021

## NSE-CUR GBPINR May 2021



|                                    | Open     | High          | Low       | Close     |
|------------------------------------|----------|---------------|-----------|-----------|
|                                    | 103.22   | 103.35        | 103.08    | 103.25    |
| Support and Resistance for the Day |          | Resit 1       | Resit 2   | Resit 3   |
|                                    |          | 103.37        | 103.49    | 103.63    |
|                                    |          | Support 1     | Support 2 | Support 3 |
|                                    | 103.11   | 102.97        | 102.85    |           |
| Net Change                         | % Change | Open Interest | Volume    |           |
| 0.20                               | 0.19     | 150074        | 233936    |           |

## Trading Ideas for the Day

- # GBPINR trading range for the day is 102.97-103.49.
- # GBP gained as UK manufacturing sector grew at the fastest pace on record in April underpinned by production and new orders
- # Support also seen amid signs the UK economy is rebounding from the pandemic, helped by the country's gradual reopening of its economy
- # The BoE is expected to announce tapering, or a reduction in the pace of its bond purchases at its meeting.

## Market Snapshot

GBPINR yesterday settled up by 0.19% at 103.25 as support seen after the UK manufacturing sector grew at the fastest pace on record in April underpinned by production and new orders, final data from IHS Markit showed. The Chartered Institute of Procurement & Supply manufacturing Purchasing Managers' Index rose to 60.9 in April from 58.9 in March and was above the flash estimate of 60.7. Output increased for the eleventh straight month in April. The latest increase was attributed to a loosening of lockdown restrictions, improved demand and rising backlogs of work. Total new orders rose for the third straight month, largely due to a further revival of domestic market conditions. The BoE is expected to announce tapering, or a reduction in the pace of its bond purchases at its meeting. Investors will be paying special attention to the Scottish parliamentary election results after PM Boris Johnson said last month he would not oppose a second independence referendum if the Scottish National party won a majority. Sterling gained 0.2% against the greenback in April, amid signs the UK economy is rebounding from the pandemic, helped by the country's gradual reopening of its economy, a rapid vaccine rollout and government policy support. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 102.7682 Technically market is under short covering as market has witnessed drop in open interest by -4.17% to settled at 150074 while prices up 0.1975 rupees, now GBPINR is getting support at 103.11 and below same could see a test of 102.97 levels, and resistance is now likely to be seen at 103.37, a move above could see prices testing 103.49.





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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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