

CURRENCY REPORT

KEDIA ADVISORY

Friday, May 7, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	May 2021	74.22	74.26	73.95	73.97	↓ -0.30	2679977	-0.67	2020748	74.11
EUR-INR	May 2021	89.19	89.29	89.00	89.14	↓ -0.07	113490	-4.52	135276	89.16
GBP-INR	May 2021	103.10	103.23	102.56	102.88	↓ -0.36	146285	-2.52	260498	103.01
JPY-INR	May 2021	67.91	67.93	67.77	67.82	↓ -0.14	16620	-1.63	33236	67.84

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2062	1.2070	1.2057	1.2067	↑ 0.04
EURGBP	0.8684	0.8686	0.8674	0.8677	↓ -0.08
EURJPY	131.59	131.72	131.45	131.67	↑ 0.07
GBPJPY	151.51	151.82	151.38	151.74	↑ 0.17
GBPUSD	1.3887	1.3909	1.3883	1.3907	↑ 0.12
USDJPY	109.08	109.19	108.89	109.11	↑ 0.02

Economical Data

TIME	ZONE	DATA
11:30am	EUR	German Industrial Production m/m
11:30am	EUR	German Trade Balance
12:15pm	EUR	French Industrial Production m/m
12:15pm	EUR	French Prelim Private Payrolls q/q
12:15pm	EUR	French Trade Balance
1:30pm	EUR	Italian Retail Sales m/m
3:30pm	EUR	ECB President Lagarde Speaks
6:00pm	USD	Average Hourly Earnings m/m
6:00pm	USD	Non-Farm Employment Change
6:00pm	USD	Unemployment Rate
6:30pm	USD	FOMC Member Barkin Speaks
7:30pm	USD	Final Wholesale Inventories m/m

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6334.2	↓ -0.08	Gold\$	1820.1	↑ 0.30
DAX	15162.7	↓ -0.05	Silver\$	27.4	↑ 0.59
DJIA	34230.3	↑ 0.29	Crude\$	64.9	↓ -1.40
FTSE 100	7586.8	↓ -0.78	Copper \$	10218.0	↑ 1.01
HANG SENG	27777.8	↓ -1.31	Aluminium \$	2543.5	↑ 1.33
KOSPI	2029.5	↓ -0.23	Nickel\$	17920.0	↑ 0.08
NASDAQ	13582.4	↓ -0.37	Lead\$	2218.5	↓ -0.09
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2976.5	↑ 1.02

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	6/5/2021	6,326.62	5,104.04	1,222.58

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

Category	Date	Buy Value	Sell Value	Net Value
DII	6/5/2021	4,036.91	4,669.42	-632.51

Spread

Currency	Spread
NSE-CUR USDINR MAY-JUN	0.36
NSE-CUR EURINR MAY-JUN	0.45
NSE-CUR GBPINR MAY-JUN	0.43
NSE-CUR JPYINR MAY-JUN	0.32

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NSE-CUR USDINR May 2021



	Open	High	Low	Close
	74.22	74.26	73.95	73.97
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		74.17	74.37	74.48
		Support 1	Support 2	Support 3
		73.86	73.75	73.55
Net Change	% Change	Open Interest	Volume	
-0.23	-0.3	2679977	2020748	

Trading Ideas for the Day

- # USDINR trading range for the day is 73.75-74.37.
- # USDINR dropped after Federal Reserve speakers downplayed the risks of higher inflation ahead of the US monthly jobs report.
- # Reserve Bank of India announced support measures to help the economy during the ferocious second wave of coronavirus infections
- # India's service sector activity expanded at a softer pace in April, survey results from IHS Markit showed.

Market Snapshot

USDINR yesterday settled down by -0.3% at 73.97 after Federal Reserve speakers downplayed the risks of higher inflation ahead of the US monthly jobs report. The Reserve Bank of India announced support measures to help the economy during the ferocious second wave of coronavirus infections, including a healthcare package for vaccine makers, medical equipment suppliers, hospitals and patients in need of funds, as well as relief to individual borrowers and small businesses by including one-time debt restructuring for loans. Fed's Rosengren said inflationary pressures should be short-lived and should not lead to a pullback in monetary policy; Fed's Mester said she expects to be deliberately patient unless there is clear evidence that inflation pressures will push inflation to exceed the desired pat; and Chicago Fed President Charles Evans said he expects monetary policy to stay super-easy for some time. Elsewhere, concerns over the COVID-19 crisis mounted after India reported more than 400,000 coronavirus infections over the last 24 hours and a record 3,980 deaths. India's service sector activity expanded at a softer pace in April, survey results from IHS Markit showed. The IHS Markit services Purchasing Managers' Index fell to 54.0 in April from 54.6 in March. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 73.9406 Technically market is under long liquidation as market has witnessed drop in open interest by -0.67% to settled at 2679977 while prices down -0.225 rupees, now USDINR is getting support at 73.86 and below same could see a test of 73.75 levels, and resistance is now likely to be seen at 74.17, a move above could see prices testing 74.37.

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NSE-CUR EURINR May 2021



	Open	High	Low	Close
	89.19	89.29	89.00	89.14
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		89.29	89.44	89.59
		Support 1	Support 2	Support 3
		88.99	88.84	88.69
Net Change	% Change	Open Interest	Volume	
-0.06	-0.07	113490	135276	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.84-89.44.
- # Euro dropped as euro zone government bond yields edged lower as comments from central banks' officials eased concerns about a possible tapering.
- # New orders for German manufactured goods jumped 3.0 percent month-over-month in March 2021
- # The euro area private sector economy expanded further in April driven by gains in both manufacturing and service sectors

Market Snapshot

EURINR yesterday settled down by -0.07% at 89.135 as euro zone government bond yields edged lower as comments from central banks' officials eased concerns about a possible tapering. Dollar hovered near a two-week high swung by U.S. economic data that has largely supported the case for a rapid recovery from the pandemic, with traders weighing whether a lift in inflation may force the Fed's hand earlier than policymakers have so far suggested. The dollar bounced on Tuesday after Yellen said rate hikes may be needed to stop the economy from overheating, though she later downplayed the immediacy of tightening. New orders for German manufactured goods jumped 3.0 percent month-over-month in March 2021, following an upwardly revised 1.4 percent growth in February and easily beating market consensus of a 1.7 percent advance. It was the largest increase in new orders since last October, as domestic orders rose 4.9 percent and foreign orders went up 1.6 percent, with both demand from the Euro Area and third countries rising. The euro area private sector economy expanded further in April driven by gains in both manufacturing and service sectors, final data from IHS Markit showed. Manufacturing output advanced at a rate little-changed from March's survey record. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.7849 Technically market is under long liquidation as market has witnessed drop in open interest by -4.52% to settled at 113490 while prices down -0.06 rupees, now EURINR is getting support at 88.99 and below same could see a test of 88.84 levels, and resistance is now likely to be seen at 89.29, a move above could see prices testing 89.44.

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NSE-CUR GBPINR May 2021



	Open	High	Low	Close
	103.10	103.23	102.56	102.88
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		103.22	103.57	103.90
		Support 1	Support 2	Support 3
		102.54	102.21	101.86
Net Change	% Change	Open Interest	Volume	
	-0.38	-0.36	146285	260498

Trading Ideas for the Day

- # GBPINR trading range for the day is 102.21-103.57.
- # GBP dropped as BOE kept its benchmark interest rate and its bond-buying programme unchanged during its May 2021 meeting.
- # The central bank also said it does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made
- # The UK service sector grew at the fastest pace since October 2013, driven by sharp increases in business and consumer spending

Market Snapshot

GBPINR yesterday settled down by -0.36% at 102.875 as BOE kept the scale of its stimulus programme unchanged as Britain's economy shows signs of recovery from its coronavirus slump, helped by the country's fast rollout of its COVID-19 vaccination programme. The central bank also said it does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2 percent inflation target sustainably. The UK service sector grew at the fastest pace since October 2013, driven by sharp increases in business and consumer spending amid easing of restrictions related to the COVID-19 pandemic, final data from IHS Markit showed. The Chartered Institute of Procurement & Supply services business activity index advanced to 61.0 in April from 56.3 in March. The score was well above the flash estimate of 60.1. Service providers noted that the roadmap for easing COVID-19 restrictions across the UK had been a key factor helping to boost activity. New orders increased the most since December 2013. Sales to overseas customers remained relatively subdued, largely reflecting tight restrictions on international travel and hesitancy among clients due to the pandemic. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 102.7917 Technically market is under long liquidation as market has witnessed drop in open interest by -2.52% to settled at 146285 while prices down -0.375 rupees, now GBPINR is getting support at 102.54 and below same could see a test of 102.21 levels, and resistance is now likely to be seen at 103.22, a move above could see prices testing 103.57.

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NSE-CUR JPYINR May 2021



	Open	High	Low	Close
	67.91	67.93	67.77	67.82
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	67.91	68.00	68.07	
	Support 1	Support 2	Support 3	
	67.75	67.68	67.59	
Net Change	% Change	Open Interest	Volume	
-0.10	-0.14	16620	33236	

Trading Ideas for the Day

- # JPYINR trading range for the day is 67.68-68.
- # JPY seen pressure due to firmness in Rupee and investors marked moderately successful results of the Bank of Japan's bond-buying operation.
- # Japan's vaccine drive may spur economic boost from 'forced savings' – BOJ
- # BOJ board agreed to focus on keeping yields low – March meeting minutes

Market Snapshot

JPYINR yesterday settled down by -0.14% at 67.8175 after investors marked moderately successful results of the Bank of Japan's bond-buying operation. The Bank of Japan expects the national COVID-19 vaccination programme to spur an economic boost from households venturing out, armed with \$183 billion in "forced savings" accumulated last year during pandemic-busting, stay-at-home policies. The government is set to decide this week whether to extend a state of emergency in major areas to combat a resurgence in novel coronavirus infection, reinforcing broad expectations that any economic recovery will be slow and fragile. Still, consumption may rebound relatively quickly once vaccines have been distributed widely, as households tap 20 trillion yen (\$183 billion) in money they were "forced" to save when measures adopted to stop the spread of the coronavirus, such as early store closing, deprived them of opportunities to spend, showed a Bank of Japan estimate released last week. The amount is roughly 7% of Japan's disposable income with over half likely held by middle- and high-income households, which spend large amounts on services, the central bank said. Bank of Japan policymakers agreed the central bank's priority should be to keep the yield curve stably low while the economy remains under the strain caused by the COVID-19 pandemic, minutes of the BOJ's March meeting showed. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 67.63. Technically market is under long liquidation as market has witnessed drop in open interest by -1.63% to settled at 16620 while prices down -0.0975 rupees, now JPYINR is getting support at 67.75 and below same could see a test of 67.68 levels, and resistance is now likely to be seen at 67.91, a move above could see prices testing 68.

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NEWS YOU CAN USE

RBI Governor Das says to ramp up Covid related healthcare infra, on-tap special liquidity facility of Rs 50,000 crore to be made available to banks at repo rate with upto 3 year tenor. 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. RBI Governor Das says forecast of a normal monsoon by IMD is expected to sustain rural demand, overall output. Even with local containment measures, everyone has learnt how to continue businesses. RBI Governor Das says global economy is exhibiting incipient signs of recovery supported by fiscal, monetary stimulus.

Germany's factory orders growth accelerated more than expected in March, data from Destatis revealed. Factory orders increased 3 percent month-on-month in March, faster than the revised 1.4 percent increase seen in February. Orders were expected to climb 1.7 percent. Excluding major orders, real new orders in manufacturing were 1.6 percent higher than in the previous month. Domestic orders were up 4.9 percent and foreign orders increased 1.6 percent in March. On a yearly basis, new order growth increased sharply to 27.8 percent from 5.8 percent in the previous month. The euro area private sector economy expanded further in April driven by gains in both manufacturing and service sectors, final data from IHS Markit showed. The composite output index rose to 53.8 in April from 53.2 in the previous month. The flash reading was 53.7. A score above 50 signals expansion in the sector.

Fed Chair Jerome Powell has argued the labour market is far short of where it needs to be to start talking of tapering asset purchases. The central bank has said it will not raise its benchmark Fed funds rate through 2023. Three Fed officials spoke, with Chicago Fed President Charles Evans saying that while he was more optimistic about U.S. growth than he was a few months ago, he expects monetary policy to stay super-easy for some time. Boston Fed President Eric Rosengren said inflation will be temporarily distorted this spring as the U.S. economy works through imbalances caused by the pandemic but the pressures should be short-lived and should not lead to a pullback in monetary policy. Cleveland Fed President Loretta Mester said more progress will be needed in the job market before the Fed's conditions for reducing its extensive support will be met.

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