

# CURRENCY REPORT

KEDIA ADVISORY

Tuesday, May 11, 2021

## Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	May 2021	73.58	73.68	73.48	73.55	↓ -0.16	2498189	-5.68	1906388	73.58
EUR-INR	May 2021	89.31	89.61	89.31	89.50	↑ 0.57	115923	1.73	138290	89.48
GBP-INR	May 2021	102.86	103.75	102.86	103.71	↑ 1.19	152516	3.88	326634	103.44
JPY-INR	May 2021	67.64	67.74	67.49	67.62	↑ 0.16	18154	9.67	37745	67.61

## Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2131	1.2143	1.2123	1.2139	↑ 0.08
EURGBP	0.8589	0.8598	0.8585	0.8597	↑ 0.09
EURJPY	132.00	132.22	131.91	132.16	↑ 0.12
GBPJPY	153.65	153.91	153.57	153.71	↑ 0.03
GBPUSD	1.4120	1.4136	1.4110	1.4119	→ 0.01
USDJPY	108.84	108.98	108.75	108.87	↑ 0.04

## Economical Data

TIME	ZONE	DATA
11:30am	EUR	German WPI m/m
1:30pm	EUR	Italian Industrial Production m/m
2:30pm	EUR	ZEW Economic Sentiment
2:30pm	EUR	German ZEW Economic Sentiment
3:30pm	USD	NFIB Small Business Index
7:30pm	USD	JOLTS Job Openings
8:00pm	USD	FOMC Member Williams Speaks
9:30pm	USD	FOMC Member Brainard Speaks
10:30pm	USD	FOMC Member Daly Speaks
10:45pm	USD	FOMC Member Bostic Speaks

## Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6399.5	↑	Gold\$	1835.8	→
DAX	15374.1	↓	Silver\$	27.3	↑
DJIA	34777.8	↑	Crude\$	64.8	↑
FTSE 100	7586.8	↓	Copper \$	10418.5	↑
HANG SENG	27777.8	↓	Aluminium \$	2549.0	↑
KOSPI	2029.5	↓	Nickel\$	17715.0	↓
NASDAQ	13752.2	↑	Lead\$	2216.0	↓
NIKKEI 225	21521.5	↓	Zinc\$	2998.5	↑

## 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	10/5/2021	6,860.97	6,277.28	583.69

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

Category	Date	Buy Value	Sell Value	Net Value
DII	10/5/2021	5,851.72	6,327.98	-476.26

## Spread

Currency	Spread
NSE-CUR USDINR MAY-JUN	0.36
NSE-CUR EURINR MAY-JUN	0.45
NSE-CUR GBPINR MAY-JUN	0.50
NSE-CUR JPYINR MAY-JUN	0.37

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## NSE-CUR USDINR May 2021



	Open	High	Low	Close
	73.58	73.68	73.48	73.55
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.66	73.77	73.86	
	Support 1	Support 2	Support 3	
	73.46	73.37	73.26	
Net Change	% Change	Open Interest	Volume	
-0.12	-0.16	2498189	1906388	

## Trading Ideas for the Day

- # USDINR trading range for the day is 73.37-73.77.
- # USDINR dropped as a weak U.S. employment report spurred investors to unwind growing long positions in the greenback
- # Fitch Ratings has warned that India's slow pace of vaccination means that the country could remain vulnerable to further waves of COVID19
- # India to breach fiscal deficit target in FY22: Fitch Solutions

## Market Snapshot

USDINR yesterday settled down by -0.06% at 75.075 as fading gains in U.S. Treasury yields reduced its interest rate advantage. Investors tried to focus on the prospect of a global economic recovery, even as concerns over a deepening COVID-19 crisis in India mounted. Domestic rating agency ICRA cut its 2021-22 growth estimate by 0.5 per cent on the upper end, as a newer spate of lockdowns and restrictions get imposed in pockets to arrest the rising COVID-19 cases. The agency now expects the economy to grow 10-10.5 per cent in 2021-22, against the 10-11 per cent estimated earlier. Starting with Maharashtra, a slew of other pockets in the country like Delhi have been taking to localised lockdowns to arrest the climbing COVID-19 cases, which derails economic activity. "For Q1 FY2022 (April-June 2021), we had earlier expected a GDP expansion of 27.5 per cent, boosted by the low base. Retail price inflation in India edged up to 5.52 percent in March of 2021, the highest in 4 months from 5.03 percent in February and above market forecasts of 5.4 percent mostly due to higher commodity prices and economic recovery. Still, it is the fourth consecutive month that inflation remains below the Reserve Bank of India's upper margin of 6 percent. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 74.9404 Technically market is under long liquidation as market has witnessed drop in open interest by -0.39% to settled at 2962919 while prices down - 0.0425 rupees, now USDINR is getting support at 74.81 and below same could see a test of 74.55 levels, and resistance is now likely to be seen at 75.4, a move above could see prices testing 75.73.

# CURRENCY REPORT

KEDIA ADVISORY

Tuesday, May 11, 2021

## NSE-CUR EURINR May 2021



	Open	High	Low	Close
	89.31	89.61	89.31	89.50
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	89.64	89.77	89.94	
	Support 1	Support 2	Support 3	
	89.34	89.17	89.04	
Net Change	% Change	Open Interest	Volume	
0.51	0.57	115923	138290	

## Trading Ideas for the Day

- # EURINR trading range for the day is 89.17-89.77.
- # Euro remained supported as investors returned their focus to a brighter economic outlook and its implications for central bank policy
- # Germany's 10-year Bund yield rose to its highest level in almost a week, while Italian borrowing costs held near their highest levels since September.
- # ECB policymaker Martin Kazaks said the central bank could decide to reduce the pace of its emergency bond purchases in June if borrowing costs remain low.

## Market Snapshot

EURINR yesterday settled up by 0.57% at 89.5025 as investors returned their focus to a brighter economic outlook and its implications for central bank policy following large swings following Friday's U.S. non-farm payrolls data. Germany's 10-year Bund yield rose to its highest level in almost a week, while Italian borrowing costs held near their highest levels since September. The European Central Bank (ECB) has stepped up the pace of buying within its PEPP emergency stimulus scheme, signs that the recovery is taking hold have led some officials to talk about slowing purchases in the months ahead. ECB policymaker Martin Kazaks said the central bank could decide to reduce the pace of its emergency bond purchases in June if borrowing costs remain low. But the road to recovery from the coronavirus pandemic will be long, ECB Chief Economist Philip Lane told French newspaper Le Monde in an interview published Monday, highlighting divisions within the ECB's Governing Council. Germany's industrial production recovered and exports growth accelerated unexpectedly in March, separate data from Destatis revealed. Industrial production grew 2.5 percent month-on-month in March, reversing a 1.9 percent fall in February. Output was forecast to climb 2.3 percent. This was the first monthly growth in three months. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 89.2498 Technically market is under fresh buying as market has witnessed gain in open interest by 1.73% to settled at 115923 while prices up 0.51 rupees, now EURINR is getting support at 89.34 and below same could see a test of 89.17 levels, and resistance is now likely to be seen at 89.64, a move above could see prices testing 89.77.

# CURRENCY REPORT

KEDIA ADVISORY

Tuesday, May 11, 2021

## NSE-CUR GBPINR May 2021



	Open	High	Low	Close
	102.86	103.75	102.86	103.71
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		104.02	104.33	104.91
		Support 1	Support 2	Support 3
		103.13	102.55	102.24
Net Change		% Change	Open Interest	Volume
	1.22	1.19	152516	326634

## Trading Ideas for the Day

- # GBPINR trading range for the day is 102.55-104.33.
- # GBP gained after UK PM Johnson to announce next phase of COVID lockdown easing.
- # Dorries, the minister for mental health, said the government needed to be careful that society did not reopen too quickly.
- # Bank of England does not see COVID bankruptcy wave – Haldane

## Market Snapshot

GBPINR yesterday settled up by 1.19% at 103.71 after British Prime Minister Boris Johnson to announce about how the country will move into the next phase of reopening from the COVID-19 lockdown. Britain is slowly emerging from a months-lockdown which was imposed in January to tackle a deadly second wave. The government set out plans to slowly reopen international travel and indoor hospitality is expected to resume on May 17. Dorries, the minister for mental health, said the government needed to be careful that society did not reopen too quickly however because variants of the coronavirus have been circulating. The Bank of England does not expect to see a wave of bankruptcies among British firms when the government ends its coronavirus emergency support for the economy, BoE Chief Economist Andy Haldane said. Many debts racked up recently by companies are spread over long durations "which increases the chances of them being able to be paid back and therefore bankruptcy is not picking up very much from current relatively subdued levels," Haldane said. "But ultimately there are risks around that and we'll need to track them through," he said in a presentation to businesses, a day after the BoE sharply raised its forecasts for British economic growth in 2021. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 103.2497 Technically market is under fresh buying as market has witnessed gain in open interest by 3.88% to settled at 152516 while prices up 1.22 rupees, now GBPINR is getting support at 103.13 and below same could see a test of 102.55 levels, and resistance is now likely to be seen at 104.02, a move above could see prices testing 104.33.

# CURRENCY REPORT

KEDIA ADVISORY

Tuesday, May 11, 2021

## NSE-CUR JPYINR May 2021



	Open	High	Low	Close
	67.64	67.74	67.49	67.62
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	67.74	67.86	67.98	
	Support 1	Support 2	Support 3	
	67.50	67.38	67.26	
Net Change	% Change	Open Interest	Volume	
0.11	0.16	18154	37745	

## Trading Ideas for the Day

- # JPYINR trading range for the day is 67.38-67.86.
- # JPY remained supported as dollar seen some pressure as a disappointing U.S. employment report prompted investors to unwind long positions in greenback.
- # The services sector in Japan continued to contract in April, albeit at a slower pace
- # Benchmark 10-year Japanese government bonds (JGBs) were flat after moderate buying at the Bank of Japan's bond purchase operations

## Market Snapshot

JPYINR yesterday settled up by 0.16% at 67.62 as dollar seen some pressure as a disappointing U.S. employment report prompted investors to unwind their growing long positions in the greenback. The United States created a little more than a quarter of the jobs that economists had forecast last month and the unemployment rate unexpectedly ticked higher, casting doubts that the Fed would consider advancing the time line of tightening policy in the coming months. The services sector in Japan continued to contract in April, albeit at a slower pace, the latest survey from Jibun Bank revealed with a services PMI score of 49.5. That's up from 48.3 in March, although it remains slightly below the boom-or-bust line of 50 that separates expansion from contraction. This marked the slowest contraction in activity in the current 15-month period of decline. The latest reduction was only modest overall, as firms faced softer restrictions in the first half of April. Benchmark 10-year Japanese government bonds (JGBs) were flat after moderate buying at the Bank of Japan's bond purchase operations. Bank of Japan Governor Haruhiko Kuroda shrugged off the chance of an early exit from ultra-loose monetary policy but said he will lay out guidelines when the time comes to unload the bank's huge risky asset holdings. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 67.41 Technically market is under fresh buying as market has witnessed gain in open interest by 9.67% to settled at 18154 while prices up 0.1075 rupees, now JPYINR is getting support at 67.5 and below same could see a test of 67.38 levels, and resistance is now likely to be seen at 67.74, a move above could see prices testing 67.86.

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Tuesday, May 11, 2021

## NEWS YOU CAN USE

# The Bank of England said Britain's economy would grow by the most since World War Two this year and slowed the pace of its trillion dollar bond-purchasing programme, but stressed it was not reversing its stimulus. Governor Andrew Bailey welcomed the prospect of a stronger recovery than previously forecast as the country races ahead with its coronavirus vaccinations, with much lower unemployment. But he also said there was still a big gap compared with how big the economy would have been without the pandemic. "Let's not get carried away," Bailey said about the improved outlook. "It takes us back by the end of this year to the level of output that we had essentially at the end of 2019 pre-COVID." The BoE raised its forecast for British economic growth in 2021 to 7.25% from February's estimate of 5.0%. That would be the fastest annual growth since 1941 when Britain was rearming. But it comes after output plunged by 9.8% in 2020, the biggest drop in more than 300 years.

# 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, Boston Federal Reserve Bank President Eric Rosengren said. "Despite the ebbs and flows of the data, inflation is expected to remain close to 2 percent over the forecast horizon," Rosengren said in remarks prepared for a virtual event organized by Boston College. "This does seem to me to be the most likely outcome, which should allow monetary policymakers to be patient in removing accommodation, until more progress in the labor market has occurred." Rosengren said "significant slack remains in the economy" and that unemployment was still elevated in March when compared to before the pandemic. Millions of Americans have left the labor force and the labor force participation rate, which measures the share of people who are either working or looking for work, is "depressed," he said.

# Around 40% of euro zone banks are failing to get to grips with loans likely to go unpaid due to the pandemic, hoping for better times or seeking to "sweep problems under the carpet", the European Central Bank's top supervisor Andrea Enria. Since lockdowns were imposed last year, the ECB has urged banks to recognise losses and set aside sufficient cash to absorb them, offering respite from capital and liquidity requirements to help them in the process. Enria said the majority of euro zone banks were dealing with bad debts appropriately but "two out of five" were still falling short, for example by failing to recognise early on which loans were unlikely to be repaid. "The majority of banks are now broadly compliant with our expectations," Enria said in an interview. "Still, about two in five banks... have significant gaps in terms of what we expect." Even as the economy slumped last year, banks in the euro zone reported a fall in the amount of bad loans on their balance sheets, helped in part by state guarantees, moratoria on payments and schemes to offload troubled assets.

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