

# CURRENCY REPORT

KEDIA ADVISORY

Wednesday, May 12, 2021

## Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	May 2021	73.60	73.74	73.48	73.54	↓ -0.01	2537613	1.58	1621425	73.59
EUR-INR	May 2021	89.49	89.61	89.25	89.49	↓ -0.01	106428	-8.19	139046	89.42
GBP-INR	May 2021	103.99	104.15	103.72	103.94	↑ 0.22	154279	1.16	286208	103.93
JPY-INR	May 2021	67.71	67.75	67.49	67.68	↑ 0.09	18347	1.06	30740	67.62

## Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2147	1.2151	1.2130	1.2133	↓ -0.12
EURGBP	0.8589	0.8598	0.8581	0.8593	↑ 0.05
EURJPY	131.94	132.11	131.83	132.08	↑ 0.13
GBPJPY	153.58	153.76	153.51	153.68	↑ 0.08
GBPUSD	1.4140	1.4148	1.4111	1.4118	↓ -0.14
USDJPY	108.60	108.87	108.58	108.85	↑ 0.23

## Economical Data

TIME	ZONE	DATA
11:30am	EUR	German Final CPI m/m
12:15pm	EUR	French Final CPI m/m
2:30pm	EUR	EU Economic Forecasts
2:30pm	EUR	Industrial Production m/m
6:00pm	USD	CPI m/m
6:00pm	USD	Core CPI m/m
6:30pm	USD	FOMC Member Clarida Speaks
8:00pm	USD	Crude Oil Inventories
10:31pm	USD	10-y Bond Auction
11:30pm	USD	Federal Budget Balance

## Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6253.5	↓ -2.07	Gold\$	1829.3	↓ -0.44
DAX	15046.7	↓ -2.30	Silver\$	27.4	↓ -0.86
DJIA	34742.8	↓ -0.10	Crude\$	65.3	↑ 0.55
FTSE 100	7586.8	↓ -0.78	Copper \$	10532.0	↓ -0.23
HANG SENG	27777.8	↓ -1.31	Aluminium \$	2543.0	↑ 0.39
KOSPI	2029.5	↓ -0.23	Nickel\$	17920.0	↓ -0.42
NASDAQ	13401.9	↓ -2.55	Lead\$	2215.5	↓ -0.14
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	3003.0	↓ -0.40

## 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	11/5/2021	6,577.06	6,913.06	-336.00

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

Category	Date	Buy Value	Sell Value	Net Value
DII	11/5/2021	5,172.16	5,848.83	-676.67

## Spread

Currency	Spread
NSE-CUR USDINR MAY-JUN	0.38
NSE-CUR EURINR MAY-JUN	0.48
NSE-CUR GBPINR MAY-JUN	0.53
NSE-CUR JPYINR MAY-JUN	0.38

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## NSE-CUR USDINR May 2021



	Open	High	Low	Close
	73.60	73.74	73.48	73.54
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.69	73.84	73.95	
	Support 1	Support 2	Support 3	
	73.43	73.32	73.17	
Net Change	% Change	Open Interest	Volume	
-0.01	-0.01	2537613	1621425	

## Trading Ideas for the Day

- # USDINR trading range for the day is 73.32-73.84.
- # USDINR dropped as traders worry that a big number might prompt the Fed to wind back monetary policy support sooner than expected.
- # 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 -0.01% at 73.5375 as traders worry that a big number might prompt the Fed to wind back monetary policy support sooner than expected. Fitch Ratings has warned that India's slow pace of vaccination means that the country could remain vulnerable to further waves of COVID19 even once the current surge subsides. India is likely to breach its fiscal deficit target in the financial year to March 2022 mainly due to revenue shortfall, Fitch Solutions said. The government is targeting a deficit between revenue it earns and what it spends at 6.8 per cent of the gross domestic product (GDP) in FY22 (April 2021 to March 2022). "We at Fitch Solutions forecast the Indian central government deficit to come in at 8.3 per cent of GDP in FY22," it said. "Revenue shortfall remains the main driver of our wider deficit view, as we expect the government to maintain its spending targets." Fitch Solutions had previously projected a fiscal deficit of 8 per cent. 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. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 73.4518 Technically market is under fresh selling as market has witnessed gain in open interest by 1.58% to settled at 2537613 while prices down -0.01 rupees, now USDINR is getting support at 73.43 and below same could see a test of 73.32 levels, and resistance is now likely to be seen at 73.69, a move above could see prices testing 73.84.

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## NSE-CUR EURINR May 2021



	Open	High	Low	Close
	89.49	89.61	89.25	89.49
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	89.65	89.81	90.01	
	Support 1	Support 2	Support 3	
	89.29	89.09	88.93	
Net Change	% Change	Open Interest	Volume	
	-0.01	-0.01	106428	139046

## Trading Ideas for the Day

- # EURINR trading range for the day is 89.09-89.81.
- # Euro pared gains after Industrial production in Italy decreased 0.1 percent from a month earlier in March of 2021
- # 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 down by -0.01% at 89.49 after Industrial production in Italy decreased 0.1 percent from a month earlier in March of 2021, missing market expectations of a 0.4 percent rise. However 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. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 89.1514 Technically market is under long liquidation as market has witnessed drop in open interest by -8.19% to settled at 106428 while prices down -0.0125 rupees, now EURINR is getting support at 89.29 and below same could see a test of 89.09 levels, and resistance is now likely to be seen at 89.65, a move above could see prices testing 89.81.

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## NSE-CUR GBPINR May 2021



	Open	High	Low	Close
	103.99	104.15	103.72	103.94
Support and Resistance for the Day		<b>Resit 1</b>	<b>Resit 2</b>	<b>Resit 3</b>
		104.15	104.37	104.58
		<b>Support 1</b>	<b>Support 2</b>	<b>Support 3</b>
	103.72	103.51	103.29	
Net Change		% Change	Open Interest	Volume
	0.23	0.22	154279	286208

## Trading Ideas for the Day

- # GBPINR trading range for the day is 103.51-104.37.
- # GBP remained supported after the Bank of England said Britain's economy would grow by the most since World War Two this year
- # 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 0.22% at 103.94 after 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. 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. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 103.6757 Technically market is under fresh buying as market has witnessed gain in open interest by 1.16% to settled at 154279 while prices up 0.23 rupees, now GBPINR is getting support at 103.72 and below same could see a test of 103.51 levels, and resistance is now likely to be seen at 104.15, a move above could see prices testing 104.37.

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## NSE-CUR JPYINR May 2021



	Open	High	Low	Close
	67.71	67.75	67.49	67.68
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	67.79	67.90	68.05	
	Support 1	Support 2	Support 3	
	67.53	67.38	67.27	
Net Change	% Change	Open Interest	Volume	
0.06	0.09	18347	30740	

## Trading Ideas for the Day

- # JPYINR trading range for the day is 67.38-67.9.
- # JPY remained in range as economy seen picking up but risks from COVID resurgence highlighted and Uncertainty on external demand, domestic outlook skewed to downside
- # Bank of Japan policymakers warned of uncertainties over the country's economic recovery as pandemic curbs hurt service consumption
- # The average of household spending in Japan was up 6.2 percent on year in March, coming in at 309,800 yen.

## Market Snapshot

JPYINR yesterday settled up by 0.09% at 67.68 as economy seen picking up but risks from COVID resurgence highlighted and Uncertainty on external demand, domestic outlook skewed to downside. Bank of Japan policymakers warned of uncertainties over the country's economic recovery as pandemic curbs hurt service consumption, a summary of their opinions voiced at an April policy meeting showed. At last month's rate review, the central bank kept monetary policy steady and projected that the world's third-largest economy would recover from the COVID-19 pandemic's damage. But many in the nine-member board highlighted risks clouding the outlook and stressed the need to focus on supporting the economy with ultra-loose monetary policy, according to the summary. The average of household spending in Japan was up 6.2 percent on year in March, the Ministry of Communications and Internal Affairs said - coming in at 309,800 yen. That beat forecasts for an increase of 1.5 percent following the 6.6 percent drop in February. The average of monthly income per household stood at 484,914 yen, down 1.0 percent on year. On a monthly basis, household spending climbed 7.2 percent - again exceeding expectations for a gain of 2.1 percent after rising 2.4 percent in the previous month. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 67.44 Technically market is under fresh buying as market has witnessed gain in open interest by 1.06% to settled at 18347 while prices up 0.06 rupees, now JPYINR is getting support at 67.53 and below same could see a test of 67.38 levels, and resistance is now likely to be seen at 67.79, a move above could see prices testing 67.9.

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## NEWS YOU CAN USE

# China's factory gate prices rose at the fastest rate in three and a half years during April, official data showed, as the world's second-largest economy continued to gather momentum following record-setting growth in the January-March quarter. The producer price index (PPI), a gauge of industrial profitability, rose 6.8% from a year earlier, the National Bureau of Statistics said in a statement, compared with a 6.5% rise tipped by a poll and a 4.4% rise in March. China's export growth beat market expectations in April while imports for the month hit a decade high, official data showed, underscoring robust economic activity for the world's second-largest economy. The country's gross domestic product (GDP) expanded by a record 18.3% in annual terms in the first quarter as the country recovers from the devastating impact of COVID-19. Many economists expect China's GDP growth to exceed 8% in 2021, although some warn that continuing global supply chain disruptions and higher comparison bases will sap some momentum in coming quarters.

# The Commerce Department released a report showing wholesale inventories in the U.S. jumped by slightly less than anticipated in the month of March. The report said wholesale inventories surged up by 1.3 percent in March after climbing by an upwardly revised 1.0 percent in February. The jump in wholesale inventories came as inventories of durable goods shot up by 1.3 percent and inventories of non-durable goods surged up by 1.4 percent. Meanwhile, the report showed wholesales sales soared by 4.6 percent in March after coming in unchanged in February. Sales of durable goods spiked by 3.7 percent during the month, while sales of non-durable goods skyrocketed by 5.5 percent. With sales jumping by more than inventories, the inventories/sales ratio for merchant wholesalers fell to 1.22 in March from 1.26 in February.

# Eurozone investor confidence improved to the highest level in more than three years in May suggesting that the recession caused by the coronavirus has been overcome, survey results from Sentix showed. The investor confidence index rose notably to 21.0 in May from 13.1 in April. The score was the highest since March 2018. The reading was forecast to climb moderately to 14.0. Current assessment as well as expectations strengthened in May. The current situation index came in at 6.3, the highest since May 2019, versus -6.5 in the previous month. At the same time, the expectations index hit an all-time high of 36.8 in May, up from 34.8 a month ago. This is very unusual and underlines that the very expansive monetary and fiscal policy that has been in place for a year has not failed to have an effect on the real economy, Sentix said. However, there are increasing signs that the euro area economy is being overstimulated, the think tank noted.

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