

CURRENCY REPORT

KEDIA ADVISORY

Wednesday, May 19, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	May 2021	73.37	73.38	73.06	73.18	↓ -0.36	2618771	2.18	1847963	73.17
EUR-INR	May 2021	89.04	89.45	88.98	89.34	→ 0.01	100993	-1.55	139743	89.26
GBP-INR	May 2021	103.86	104.03	103.69	103.83	↑ 0.25	116714	-2.67	263226	103.85
JPY-INR	May 2021	67.23	67.24	67.03	67.14	↓ -0.27	20449	9.95	31611	67.15

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2222	1.2233	1.2214	1.2220	↓ -0.01
EURGBP	0.8614	0.8618	0.8610	0.8616	→ 0.01
EURJPY	133.07	133.32	133.00	133.18	↑ 0.09
GBPJPY	154.40	154.76	154.35	154.56	↑ 0.10
GBPUSD	1.4184	1.4201	1.4177	1.4182	↓ -0.02
USDJPY	108.88	109.07	108.80	108.99	↑ 0.11

Economical Data

TIME	ZONE	DATA
Tentative	EUR	ECB Financial Stability Review
2:30pm	EUR	Final CPI y/y
2:30pm	EUR	Final Core CPI y/y
Tentative	EUR	German 10-y Bond Auction
8:00pm	USD	Crude Oil Inventories
9:05pm	USD	FOMC Member Bostic Speaks
11:30pm	USD	FOMC Meeting Minutes

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6372.2	↑	Gold\$	1866.5	↓ -0.12
DAX	15416.6	↑	Silver\$	27.9	↓ -0.82
DJIA	34327.8	↓	Crude\$	65.6	↓ -1.18
FTSE 100	7586.8	↓	Copper \$	10361.0	↓ -0.53
HANG SENG	27777.8	↓	Aluminium \$	2469.5	↑ 0.14
KOSPI	2029.5	↓	Nickel\$	17915.0	↓ -0.53
NASDAQ	13379.1	↓	Lead\$	2224.5	↓ -0.07
NIKKEI 225	21521.5	↓	Zinc\$	3034.5	↓ -0.67

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	18/05/2021	8,433.44	7,814.95	618.49

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

Category	Date	Buy Value	Sell Value	Net Value
DII	18/05/2021	6,301.03	5,851.51	449.52

Spread

Currency	Spread
NSE-CUR USDINR MAY-JUN	0.38
NSE-CUR EURINR MAY-JUN	0.49
NSE-CUR GBPINR MAY-JUN	0.50
NSE-CUR JPYINR MAY-JUN	0.35

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NSE-CUR USDINR May 2021



	Open	High	Low	Close
	73.37	73.38	73.06	73.18
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.35	73.52	73.67	
	Support 1	Support 2	Support 3	
	73.03	72.88	72.71	
Net Change	% Change	Open Interest	Volume	
-0.26	-0.36	2618771	1847963	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.88-73.52.
- # USDINR dropped as Treasury yields stalled amid renewed expectations the United States will not hike interest rates anytime soon.
- # The Reserve Bank of India said in its May bulletin that the ferocity of the second wave has overwhelmed India
- # RBI said that the resurgence of Covid-19 has dented economic activity in the first half of Q1:2021-22, it has not yet "debilitated" it.

Market Snapshot

USDINR yesterday settled down by -0.36% at 73.175 as Treasury yields stalled amid renewed expectations the United States will not hike interest rates anytime soon. The Reserve Bank of India said in its May bulletin that the ferocity of the second wave has overwhelmed India, adding that real economic indicators have moderated through April-May 2021. According to the central bank, the biggest toll of the second wave is in terms of a demand shock. Loss of mobility, lower discretionary spending, lack of employment and inventory accumulation are some of the factors that indicate weaker demand during the second wave in India. While RBI said that the resurgence of Covid-19 has dented economic activity in the first half of Q1:2021-22, it has not yet "debilitated" it. "Although extremely tentative at this stage, the central tendency of available diagnosis is that the loss of momentum is not as severe as at this time a year ago," RBI said in its state of the economy bulletin. "The impact of the second wave on the real economy seems to be limited so far in comparison with the first wave," RBI added. On the demand outlook, RBI said that it has been impacted but "not on the scale of the first wave". The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 73.0353. Technically market is under fresh selling as market has witnessed gain in open interest by 2.18% to settled at 2618771 while prices down -0.2625 rupees, now USDINR is getting support at 73.03 and below same could see a test of 72.88 levels, and resistance is now likely to be seen at 73.35, a move above could see prices testing 73.52.

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NSE-CUR EURINR May 2021



	Open	High	Low	Close
	89.04	89.45	88.98	89.34
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	89.53	89.73	90.01	
	Support 1	Support 2	Support 3	
	89.06	88.79	88.60	
Net Change	% Change	Open Interest	Volume	
0.01	0.01	100993	139743	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.79-89.73.
- # Euro remained supported as investors are increasingly pricing in that a robust economic recovery, fuelled by rapid vaccine rollouts
- # Policymakers are looking forward to review the Eurozone economic and inflation outlook, and the duration to continue stimulus in the monetary policy session in June
- # EU eyes another go at more unified European business taxation

Market Snapshot

EURINR yesterday settled up by 0.01% at 89.34 as investors are increasingly pricing in that a robust economic recovery, fuelled by rapid vaccine rollouts, could prompt the European Central Bank to slow the pace of its emergency PEPP bond purchases. The yield on Germany's 10-year government bond rose to -0.11%, a level not seen since May 2019, while its Italian counterpart rallied to 1.11%, the highest in over eight months. The European Commission wants to propose in 2023 a more unified way of taxing companies in the European Union, hoping that such rules, which have failed to win support in the past, will stand a better chance if they follow global OECD solutions expected this year. The Commission will present a plan on Tuesday including this proposal and other measures for adjusting the EU's business taxation to make it more up to date with the modern world, where cross-border business, often carried out via the Internet, is commonplace. Meanwhile, the yield on the benchmark US 10-year Treasury note was steady at 1.63% as investors await the Federal Reserve's latest meeting minutes, due on Wednesday, for clues about the central bank's thought about rising prices pressures. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.977. Technically market is under short covering as market has witnessed drop in open interest by -1.55% to settled at 100993 while prices up 0.01 rupees, now EURINR is getting support at 89.06 and below same could see a test of 88.79 levels, and resistance is now likely to be seen at 89.53, a move above could see prices testing 89.73.

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NSE-CUR GBPINR May 2021



	Open	High	Low	Close
	103.86	104.03	103.69	103.83
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	104.01	104.19	104.35	
	Support 1	Support 2	Support 3	
	103.67	103.51	103.33	
Net Change	% Change	Open Interest	Volume	
0.26	0.25	116714	263226	

Trading Ideas for the Day

- # GBPINR trading range for the day is 103.51-104.19.
- # GBP remained supported as Britain took a big step towards reopening its economy, lifting a number of social restrictions imposed to combat the COVID-19 outbreak.
- # Bank of England's Vlieghe says UK not facing an economic 'boom'
- # Speculative positioning on the pound increased in the week up to last Tuesday, CFTC data showed.

Market Snapshot

GBPINR yesterday settled up by 0.25% at 103.8275 as Britain took a big step towards reopening its economy, lifting a number of social restrictions imposed to combat the COVID-19 outbreak. Cafes, bars and restaurants will reopen for indoor service and a ban on international travel has also been lifted, among other easing measures. Businesses ramped up their search for new staff as pubs, restaurants and other hospitality and travel firms got ready for the lifting of restrictions in England, a survey showed. Sharp economic growth in Britain this year should not be confused with a normal boom, given the amount of ground lost last year during the coronavirus pandemic, Bank of England policymaker Gertjan Vlieghe said. Vlieghe reiterated BoE forecasts that inflation was likely to overshoot its 2% target later this year, due to temporary bottlenecks and base effects, but stressed the BoE would look to the medium term when setting interest rates. "Instead, monetary policy will focus on returning to inflation sustainably to its target, which requires focusing on the medium term outlook," he added. Britain's economy shrank almost 10% last year, its biggest slump in more than 300 years, but official unemployment has barely risen due to a government furlough programme. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 103.5728 Technically market is under short covering as market has witnessed drop in open interest by -2.67% to settled at 116714 while prices up 0.2625 rupees, now GBPINR is getting support at 103.67 and below same could see a test of 103.51 levels, and resistance is now likely to be seen at 104.01, a move above could see prices testing 104.19.

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NSE-CUR JPYINR May 2021



	Open	High	Low	Close
	67.23	67.24	67.03	67.14
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		67.24	67.35	67.45
		Support 1	Support 2	Support 3
	67.03	66.93	66.82	
Net Change	% Change	Open Interest	Volume	
	-0.18	-0.27	20449	31611

Trading Ideas for the Day

- # JPYINR trading range for the day is 66.93-67.35.
- # JPY ended with losses as Japan's economy contracted more than expected due to coronavirus infections. Japan's gross domestic product contracted an annualized 5.1 percent in the first quarter of 2021.
- # Japan's Economic Minister Yasutoshi says Q1 GDP drop due largely to dip in consumption
- # A measure of the public assessment of the Japanese economy decreased in April, survey data from the Cabinet Office showed.

Market Snapshot

JPYINR yesterday settled down by -0.27% at 67.14 as Japan's economy contracted more than expected due to coronavirus infections. Japan's gross domestic product contracted an annualized 5.1 percent in the first quarter of 2021, the Cabinet Office said in preliminary report. That missed expectations for a decline of 4.6 percent following the downwardly revised 11.6 percent increase in the previous three months (originally 11.7 percent). On a quarterly basis, GDP sank 1.3 percent - again missing expectations for a drop of 1.2 percent following the 2.8 percent increase in the three months prior. Japan's machine tool orders rose for a fifth straight month in April and the pace of growth accelerated sharply, figures from the Japan Machine Tool Builders' Association showed. Machine tool orders grew 120.8 percent year-on-year following a 65.1 percent rise in March. Bank of Japan Governor Haruhiko Kuroda said that he expects the jump in U.S. consumer inflation to be temporary. "Some market players believe the timing of the Federal Reserve's monetary tightening may have become somewhat closer as U.S. inflation picks up amid a solid U.S. recovery," Kuroda told parliament. "I personally feel the spike in U.S. inflation is temporary and probably won't lead to a change in U.S. monetary policy. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 66.95 Technically market is under fresh selling as market has witnessed gain in open interest by 9.95% to settled at 20449 while prices down -0.18 rupees, now JPYINR is getting support at 67.03 and below same could see a test of 66.93 levels, and resistance is now likely to be seen at 67.24, a move above could see prices testing 67.35.

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NEWS YOU CAN USE

Partly reflecting a spike in prices for used cars and trucks, the Labor Department released a report showing U.S. consumer prices increased by much more than expected in the month of April. The Labor Department said its consumer price index climbed by 0.8 percent in April after rising by 0.6 percent in March. First-time claims for U.S. unemployment benefits fell by # more than expected in the week ended May 8th, according to a report released by the Labor Department. The report said initial jobless claims dipped to 473,000, a decrease of 34,000 from the previous week's revised level of 507,000. With the bigger than expected decrease, jobless claims once again fell to their lowest level since hitting 256,000 in the week ended March 14, 2020.

The euro zone will rebound from its COVID-19 slump more than expected, the European Commission said, but some countries won't reach pre-crisis levels before the end of 2022 -- an argument for continued suspension of EU borrowing limits. The aggregate growth of the 19 countries sharing the euro currency should be 4.3% this year and 4.4% in 2022, the European Union's executive arm said, revising upwards its forecast from February of 3.8% growth in both years. "The EU and euro area economies are expected to rebound strongly as vaccination rates increase and restrictions are eased. This growth will be driven by private consumption, investment, and a rising demand for EU exports from a strengthening global economy," it said. The forecast brings the Commission closer to the International Monetary Fund, which last month said it expected 4.4% growth in the euro zone this year. "Growth rates will continue to vary across the EU, but all Member States should see their economies return to pre-crisis levels by the end of 2022," the Commission said.

The UK economy contracted in the first quarter as school closures and a large fall in retail sales earlier in the quarter dragged down growth, the Office for National Statistics reported. Gross domestic product shrank 1.5 percent sequentially, reversing a 1.3 percent rise in the fourth quarter. The economy contracted again in the first quarter after rising for two straight # quarters. On a yearly basis, GDP dropped 6.1 percent, as expected in the first quarter. The level of GDP was 8.7 percent below where it was before the pandemic at the fourth quarter of 2019, ONS said. That would take the economy back to its February level before the end of the year, the economist added. Services and production output contracted 2 percent and 0.4 percent, respectively in the first quarter, while construction expanded 2.6 percent.

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