

CURRENCY REPORT

KEDIA ADVISORY

Thursday, May 27, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jun 2021	73.26	73.28	73.14	73.17	↓ -0.21	1724537	18.48	1194943	73.20
EUR-INR	Jun 2021	89.56	89.75	89.50	89.66	↑ 0.13	93751	21.12	52516	89.64
GBP-INR	Jun 2021	103.80	103.95	103.53	103.57	→ 0.00	110712	16.30	87058	103.77
JPY-INR	Jun 2021	67.36	67.43	67.18	67.20	↓ -0.21	12922	28.26	11580	67.28

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2194	1.2197	1.2172	1.2192	↓ -0.02
EURGBP	0.8634	0.8643	0.8628	0.8640	↑ 0.08
EURJPY	133.08	133.13	132.91	132.97	↓ -0.06
GBPJPY	154.08	154.18	153.81	153.90	↓ -0.08
GBPUSD	1.4117	1.4126	1.4089	1.4110	↓ -0.05
USDJPY	109.12	109.21	109.02	109.06	↓ -0.06

Economical Data

TIME	ZONE	DATA
11:30am	EUR	German GfK Consumer Climate
5:30pm	EUR	German Buba President Weidmann
6:00pm	USD	Prelim GDP q/q
6:00pm	USD	Unemployment Claims
6:00pm	USD	Core Durable Goods Orders m/m
6:00pm	USD	Durable Goods Orders m/m
6:00pm	USD	Prelim GDP Price Index q/q
7:30pm	USD	Pending Home Sales m/m
8:00pm	USD	Natural Gas Storage

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6389.3	↓ -0.02	Gold\$	1895.2	↓ -0.06
DAX	15452.1	↓ -0.08	Silver\$	27.6	↓ -0.21
DJIA	34312.5	↓ -0.24	Crude\$	66.2	↑ 0.21
FTSE 100	7586.8	↓ -0.78	Copper \$	9945.0	↓ -0.13
HANG SENG	27777.8	↓ -1.31	Aluminium \$	2404.0	↓ -0.39
KOSPI	2029.5	↓ -0.23	Nickel\$	17195.0	↓ -0.66
NASDAQ	13657.2	↓ -0.03	Lead\$	2168.5	↓ -0.89
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2981.5	↑ 0.05

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	26/05/2021	5,114.13	4,872.53	241.60

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

Category	Date	Buy Value	Sell Value	Net Value
DII	26/05/2021	3,623.92	4,062.51	-438.59

Spread

Currency	Spread
NSE-CUR USDINR JUN-JUL	0.35
NSE-CUR EURINR JUN-JUL	0.46
NSE-CUR GBPINR JUN-JUL	0.50
NSE-CUR JPYINR JUN-JUL	0.36

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NSE-CUR USDINR Jun 2021



	Open	High	Low	Close
	73.26	73.28	73.14	73.17
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.26	73.35	73.41	
	Support 1	Support 2	Support 3	
	73.11	73.05	72.96	
Net Change	% Change	Open Interest	Volume	
-0.15	-0.21	1724537	1194943	

Trading Ideas for the Day

- # USDINR trading range for the day is 73.05-73.35.
- # USDINR ended with losses as the country reported its lowest daily rise in COVID-19 infections in more than a month.
- # RBI will transfer a surplus of Rs 99,122 crore to the government for the nine-month accounting period ended March 31
- # Wholesale prices in India jumped 10.49 percent year-on-year in April of 2021, the highest rate since May of 2010

Market Snapshot

USDINR yesterday settled down by -0.21% at 73.17 as the country reported its lowest daily rise in COVID-19 infections in more than a month. Earlier this month, ratings agency Moody's Investors Service had said the second wave would slow India's near-term economic recovery and could weigh on longer-term growth dynamics. The Reserve Bank of India (RBI) will transfer a surplus of Rs 99,122 crore to the government for the nine-month accounting period ended March 31, the central bank has said. The bank also decided to maintain the contingency risk buffer at 5.5 percent. The board reviewed the current economic situation, global and domestic challenges and recent policy measures taken by the Reserve Bank to mitigate the impact of the second coronavirus wave on the economy. Wholesale prices in India jumped 10.49 percent year-on-year in April of 2021, the highest rate since May of 2010 and well above market forecasts of 9.05 percent. It compares with a 1.57 percent fall in April last year when the coronavirus pandemic weighed on demand and prices. India's trade deficit in goods widened to USD 15.1 billion in April 2021, from USD 6.76 billion in the same period last year, as both domestic and foreign demand rebounded from last year's record declines. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.8045. Technically market is under fresh selling as market has witnessed gain in open interest by 18.48% to settled at 1724537 while prices down -0.1525 rupees, now USDINR is getting support at 73.11 and below same could see a test of 73.05 levels, and resistance is now likely to be seen at 73.26, a move above could see prices testing 73.35.

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NSE-CUR EURINR Jun 2021



	Open	High	Low	Close
	89.56	89.75	89.50	89.66
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	89.77	89.88	90.02	
	Support 1	Support 2	Support 3	
	89.52	89.38	89.27	
Net Change	% Change	Open Interest	Volume	
0.12	0.13	93751	52516	

Trading Ideas for the Day

- # EURINR trading range for the day is 89.38-89.88.
- # Euro remained supported by solid economic recovery hopes and a broad dollar weakness.
- # The Ifo Business Climate indicator for Germany rose to 99.2 in May, from the previous month's revised figure of 96.6
- # ECB must keep its money taps fully open, as the euro zone economy is still in the throes of the coronavirus pandemic despite progress in vaccination campaigns

Market Snapshot

EURINR yesterday settled up by 0.13% at 89.655 amid solid economic recovery hopes and a broad dollar weakness. Economic data released showed German business morale in May hit its strongest level since May 2019, beating market forecasts. The European Central Bank must keep its money taps fully open, as the euro zone economy is still in the throes of the coronavirus pandemic despite progress in vaccination campaigns, ECB policymaker Yannis Stournaras said. ECB rate-setters will review the pace of emergency bond purchases at their June 10 meeting against an improved economic backdrop. Growth and inoculation rates are rising in the bloc as COVID-19 cases fall. However, in an exclusive with Reuters, Stournaras said the recovery remained fragile and, with no evidence to point to an era of high inflation in the foreseeable future, it was too early for the ECB to slow down emergency bond purchases. "Of course, there has been an acceleration in vaccinations but there are still travel restrictions so I cannot say we are out of the woods yet," Stournaras, who is also Greece's central bank governor, said. The Ifo Business Climate indicator for Germany rose to 99.2 in May, from the previous month's revised figure of 96.6 and above market expectations of 98.2. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 89.0666 Technically market is under fresh buying as market has witnessed gain in open interest by 21.12% to settled at 93751 while prices up 0.12 rupees, now EURINR is getting support at 89.52 and below same could see a test of 89.38 levels, and resistance is now likely to be seen at 89.77, a move above could see prices testing 89.88.

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NSE-CUR GBPINR Jun 2021



	Open	High	Low	Close
	103.80	103.95	103.53	103.57
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	103.84	104.10	104.26	
	Support 1	Support 2	Support 3	
	103.42	103.26	103.00	
Net Change	% Change	Open Interest	Volume	
0.01	0	110712	87058	

Trading Ideas for the Day

- # GBPINR trading range for the day is 103.26-104.1.
- # GBP remained in range boosted by expectations of further relaxation of social restrictions linked to the COVID-19 pandemic by the end of June.
- # The currency's recent rise against the dollar has also been supported by investor concerns that rising inflation in the U.S. could prompt interest rate increases.
- # Bank of England Governor Andrew Bailey had said he does not see long-term implications from an expected pick-up in inflation.

Market Snapshot

GBPINR yesterday settled flat at 103.5725 boosted by expectations of further relaxation of social restrictions linked to the COVID-19 pandemic by the end of June. The currency's recent rise against the dollar has also been supported by investor concerns that rising inflation in the U.S. could prompt interest rate increases. Bank of England Governor Andrew Bailey had said he does not see long-term implications from an expected pick-up in inflation. The Bank of England would need to rethink its monetary policy stance if inflation pressures spread beyond a handful of sectors suffering bottlenecks due to the coronavirus pandemic, Governor Andrew Bailey said. "If we were to see signs that pricing pressure was becoming more generalised, then for me that would be a signal which would cause us to then have to evaluate where we were in terms of guidance, and at what point the guidance falls away," he said. "We are going to have to be looking at the entrails of the inflation evidence very carefully from now onwards," he added. Bank of England Governor Andrew Bailey said on Monday that he does not see long-term implications from a pick-up in inflation which the BoE expects this year as the economy emerges from the coronavirus pandemic. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 103.3106 Technically market is under fresh selling as market has witnessed gain in open interest by 16.3% to settled at 110712 while prices remain unchanged 0.005 rupees, now GBPINR is getting support at 103.42 and below same could see a test of 103.26 levels, and resistance is now likely to be seen at 103.84, a move above could see prices testing 104.1.

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NSE-CUR JPYINR Jun 2021



	Open	High	Low	Close
	67.36	67.43	67.18	67.20
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		67.35	67.51	67.59
		Support 1	Support 2	Support 3
	67.11	67.03	66.87	
Net Change	% Change	Open Interest	Volume	
	-0.14	-0.21	12922	11580

Trading Ideas for the Day

- # JPYINR trading range for the day is 67.03-67.51.
- # JPY dropped as the Japanese government plans to extend the COVID-19 state of emergency covering Tokyo, Osaka and other areas.
- # BoJ Governor Haruhiko Kuroda noted that the fragile and uneven nature of economic recovery has been a source of concern globally
- # The manufacturing sector in Japan continued to expand in May, albeit at a slower pace, the latest survey

Market Snapshot

JPYINR yesterday settled down by -0.21% at 67.195 as the Japanese government plans to extend the COVID-19 state of emergency covering Tokyo, Osaka and other areas beyond the current deadline of May 31 as infections have yet to significantly subside. Meantime, BoJ Governor Haruhiko Kuroda noted that the fragile and uneven nature of economic recovery has been a source of concern globally, but various changes to society and accelerated digitalization will likely boost productivity and benefit individuals and companies. The manufacturing sector in Japan continued to expand in May, albeit at a slower pace, the latest survey from Markit Economics revealed with a survey record manufacturing PMI score of 52.5. Both output and new order growth eased in the latest survey period. That said, manufacturers remained confident in taking on additional staff as job creation continued for the second successive month. Moreover, positive sentiment picked up in May, with the level of optimism the joint-strongest since the survey began posing the question in July 2012. Japan fell further into deflation as overall consumer prices were down 0.4 percent on year, the Ministry of Internal Affairs and communications said - after slipping 0.2 percent in March. Individually, prices for food, fuel, medical care and communication were all lower - while housing, furniture, clothing, education and recreation were higher. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 66.97. Technically market is under fresh selling as market has witnessed gain in open interest by 28.26% to settled at 12922 while prices down -0.1425 rupees, now JPYINR is getting support at 67.11 and below same could see a test of 67.03 levels, and resistance is now likely to be seen at 67.35, a move above could see prices testing 67.51.

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NEWS YOU CAN USE

The European Central Bank has plenty of time to map out its exit from its pandemic asset purchase programme, and could be more flexible about its buying after that, ECB policymaker Francois Villeroy de Galhau said. As the euro zone economy rebounds and vaccination campaigns gain momentum, some hawkish central bankers have suggested the ECB should start contemplating how it will wind down its exceptional asset purchases from the crisis phase of the pandemic. That has boosted market speculation that the pace of bond buys under the ECB's Pandemic Emergency Purchase Programme (PEPP) could be discussed as soon as its June 1 meeting. "We still have ample time to judge and decide, well beyond our June meeting," Villeroy said in a speech at an online Danske Bank conference. He said suggestions that asset purchases could be reined in as soon as the third quarter were "purely speculative" and added that the amount the ECB buys will be freely determined until at least March, when the programme is due to expire.

Japan will adhere to its aim of achieving a budget surplus, Prime Minister Yoshihide Suga said, though his government is struggling to balance the budget as it is under pressure to spend heavily in response to the COVID-19 pandemic. "We won't abandon the flag of achieving a primary budget surplus," Suga told his top economic advisory panel, while setting out the main mid-year policy objectives. The government aims to bring the primary budget, which excludes new bond sales and debt servicing costs, into surplus the fiscal year ending in March 2026. Japan's public debt is 2.5 times the size of its economy, and the heaviest among industrialised nations. Suga told the Council of Economy and Fiscal Policy (CEFP) that an ongoing campaign for digital transformation and greener society as well as revival of regional economies and childcare support were among items on the policy roadmap that would be addressed in more detail at the panel's meeting in June.

Growing digital currency options could lead to a "fragmentation" of the payment system that poses financial risks for households and businesses, Federal Reserve Governor Lael Brainard said in a speech that outlined the major policy questions the Fed will need to address as it explores the potential development of a digital version of the U.S. dollar. As the holder of the world's reserve currency, the United States must be highly involved as digital payments become more common and other countries develop digital currencies that can be used to send money across borders, Brainard said. Fed officials are making it clear that the U.S. central bank plans to take an active role in developing standards as more countries research and develop central bank digital currencies. Fed Chair Jerome Powell said last week that the Fed will release a paper this summer looking at how CBDCs could affect payments. Powell has also stressed that the Fed will move carefully and that congressional action may be required before the United States could develop a digital dollar.

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