

CURRENCY REPORT

KEDIA ADVISORY

Friday, May 28, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jun 2021	73.13	73.17	72.84	72.88	↓ -0.40	2011428	16.64	2764314	73.00
EUR-INR	Jun 2021	89.18	89.21	88.50	88.99	↓ -0.74	104392	11.35	251657	89.04
GBP-INR	Jun 2021	103.30	103.79	102.86	103.18	↓ -0.38	123509	11.56	308084	103.06
JPY-INR	Jun 2021	67.05	67.11	66.77	66.82	↓ -0.55	26817	107.53	44329	66.94

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2194	1.2196	1.2179	1.2181	↓ -0.11
EURGBP	0.8584	0.8589	0.8580	0.8588	↑ 0.06
EURJPY	133.87	133.98	133.81	133.88	↓ -0.01
GBPJPY	155.95	156.08	155.84	155.87	↓ -0.04
GBPUSD	1.4199	1.4209	1.4179	1.4185	↓ -0.11
USDJPY	109.81	109.96	109.76	109.89	↑ 0.06

Economical Data

TIME	ZONE	DATA
11:30am	EUR	German Import Prices m/m
12:15pm	EUR	French Consumer Spending m/m
12:15pm	EUR	French Prelim CPI m/m
12:15pm	EUR	French Prelim GDP q/q
Tentative	EUR	Italian 10-y Bond Auction
6:00pm	USD	Core PCE Price Index m/m
6:00pm	USD	Goods Trade Balance
6:00pm	USD	Personal Income m/m
6:00pm	USD	Personal Spending m/m
6:00pm	USD	Prelim Wholesale Inventories m/m
6:30pm	EUR	Belgian NBB Business Climate
7:15pm	USD	Chicago PMI
7:30pm	USD	Revised UoM Consumer Sentiment
7:30pm	USD	Revised UoM Inflation Expectations

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6421.6	↑ 0.47	Gold\$	1894.5	↓ -0.09
DAX	15401.4	↓ -0.32	Silver\$	27.7	↓ -0.36
DJIA	34323.1	↑ 0.03	Crude\$	66.6	↑ 2.65
FTSE 100	7586.8	↓ -0.78	Copper \$	10268.0	↓ -0.25
HANG SENG	27777.8	↓ -1.31	Aluminium \$	2474.5	↓ -0.48
KOSPI	2029.5	↓ -0.23	Nickel\$	18110.0	↑ 0.42
NASDAQ	13738.0	↑ 0.59	Lead\$	2207.0	↑ 0.07
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	3067.0	↑ 0.15

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	21/05/2021	7,950.66	7,440.50	510.16

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

Category	Date	Buy Value	Sell Value	Net Value
DII	21/05/2021	6,089.36	5,440.26	649.10

Spread

Currency	Spread
NSE-CUR USDINR JUN-JUL	0.36
NSE-CUR EURINR JUN-JUL	0.47
NSE-CUR GBPINR JUN-JUL	0.50
NSE-CUR JPYINR JUN-JUL	0.33

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NSE-CUR USDINR Jun 2021



	Open	High	Low	Close
	73.13	73.17	72.84	72.88
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.08	73.28	73.40	
	Support 1	Support 2	Support 3	
	72.76	72.64	72.44	
Net Change	% Change	Open Interest	Volume	
-0.29	-0.4	2011428	2764314	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.64-73.28.
- # USDINR dropped as India's central bank said the economy had not moderated as much as it did during the first wave of the coronavirus
- # Economic growth prospects now essentially depend on how fast India can arrest its second wave of infections
- # The central bank, in the report, once again pegged a 10.5% growth for India's economy for the 2021-22 financial year.

Market Snapshot

USDINR yesterday settled down by -0.4% at 72.88 as India's central bank said the economy had not moderated as much as it did during the first wave of the coronavirus, but uncertainties might act as a short-term deterrent and private demand would be key to revival. Economic growth prospects now essentially depend on how fast India can arrest its second wave of infections, the Reserve Bank of India said in its annual report. The central bank noted that while the Indian economy has not moderated to the extent it did during the first wave, enveloping uncertainties can be a hindrance in the short term. The RBI, in its annual report, further stated that India's growth prospects primarily hinge upon how fast the economy can arrest the impact of the second wave of the COVID-19 pandemic. The RBI further stated that the second wave of the COVID-19 pandemic has set off "a raft of revisions to growth projections" and the concurrence on growth rate was leaning towards its projections. "The onset of the second wave has triggered a raft of revisions to growth projections, with the consensus gravitating towards the Reserve Bank's projection of 10.5 per cent for the year 2021-22 -- 26.2 per cent in Q1, 8.3 per cent in Q2, 5.4 per cent in Q3 and 6.2 per cent in Q4," it said. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.6404 Technically market is under fresh selling as market has witnessed gain in open interest by 16.64% to settled at 2011428 while prices down -0.29 rupees, now USDINR is getting support at 72.76 and below same could see a test of 72.64 levels, and resistance is now likely to be seen at 73.08, a move above could see prices testing 73.28.

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NSE-CUR EURINR Jun 2021



	Open	High	Low	Close
	89.18	89.21	88.50	88.99
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	89.30	89.61	90.01	
	Support 1	Support 2	Support 3	
	88.59	88.19	87.88	
Net Change	% Change	Open Interest	Volume	
-0.66	-0.74	104392	251657	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.19-89.61.
- # Euro dropped as dollar found support from a sense that the Federal Reserve is slowly but surely edging towards a discussion about tightening monetary policy
- # ECB 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
- # German consumer confidence rises less than expected

Market Snapshot

EURINR yesterday settled down by -0.74% at 88.9925 as dollar found support from a sense that the Federal Reserve is slowly but surely edging towards a discussion about tightening monetary policy. Investors are heavily short dollars in the belief that U.S. trade and current account deficits will widen as the world recovers from the pandemic. 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. The GfK Consumer Climate Indicator in Germany increased to -7 heading into June of 2021 from a revised -8.6 in May and compared with market forecasts of -5.2. Improvements were seen for income (19.5 vs 9.3) and business (41.1 vs 7.3) expectations as a decrease in coronavirus cases and further progress with vaccinations were opening the door to more easing steps in the coming weeks. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.5511 Technically market is under fresh selling as market has witnessed gain in open interest by 11.35% to settled at 104392 while prices down -0.6625 rupees, now EURINR is getting support at 88.59 and below same could see a test of 88.19 levels, and resistance is now likely to be seen at 89.3, a move above could see prices testing 89.61.

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NSE-CUR GBPINR Jun 2021



	Open	High	Low	Close
	103.30	103.79	102.86	103.18
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		103.69	104.20	104.62
		Support 1	Support 2	Support 3
		102.76	102.35	101.84
Net Change	% Change	Open Interest	Volume	
	-0.40	-0.38	123509	308084

Trading Ideas for the Day

- # GBPINR trading range for the day is 102.35-104.2.
- # GBP remained under pressure after UK worried about bond markets turning against government in 2020
- # Britain commenced the third stage of its reopening last week, allowing indoor dining in pubs and restaurants.
- # Economic indicators such as retail sales are looking up, as are surveys of purchasing managers across industries and employment measures.

Market Snapshot

GBPINR yesterday settled down by -0.38% at 103.1775 after UK worried about bond markets turning against government in 2020. The British government and Bank of England worried that bond markets could turn against them in early 2020 due to the sums being borrowed to finance the pandemic response, Prime Minister Boris Johnson's former top adviser Dominic Cummings said. "It was the case that the Bank of England, senior officials in the Treasury, senior officials in the Cabinet Office were saying, 'We have to think about the consequences of, if we do this lockdown, we're gonna have to borrow huge amounts of money,'" Cummings told a parliamentary committee. Britain commenced the third stage of its reopening last week, allowing indoor dining in pubs and restaurants. Economic indicators such as retail sales are looking up, as are surveys of purchasing managers across industries and employment measures. Corrected second para UK retail sales and orders increased in the year to May but the comparison was distorted by the low level of activity during the first national lockdown twelve months ago, the latest Distributive Trades Survey from the Confederation of British Industry showed. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 102.4641 Technically market is under fresh selling as market has witnessed gain in open interest by 11.56% to settled at 123509 while prices down -0.395 rupees, now GBPINR is getting support at 102.76 and below same could see a test of 102.35 levels, and resistance is now likely to be seen at 103.69, a move above could see prices testing 104.2.

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NSE-CUR JPYINR Jun 2021



	Open	High	Low	Close
	67.05	67.11	66.77	66.82
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	67.03	67.24	67.37	
	Support 1	Support 2	Support 3	
	66.69	66.56	66.35	
Net Change	% Change	Open Interest	Volume	
	-0.37	-0.55	26817	44329

Trading Ideas for the Day

- # JPYINR trading range for the day is 66.56-67.24.
- # JPY remained under pressure as after Tokyo Governor Yuriko Koike called on the Japanese government to extend its COVID-19 state of emergency
- # Japan cuts economic view in May on spending downgrade
- # BoJ's Suzuki: Small JGB moves caused investors to leave market and clarifying the yield range was important for market function

Market Snapshot

JPYINR yesterday settled down by -0.55% at 66.8225 as after Tokyo Governor Yuriko Koike called on the Japanese government to extend its COVID-19 state of emergency, noting that conditions have not improved enough to lift the measure as infection rates remain at a high level and the situation is still severe. Japan slashed its overall economic view for the first time in three months in its economic report for May due to the impact on consumption and business conditions from a coronavirus state of emergency in major areas of the country. Authorities also repeated a warning to pay sufficient attention to the downside risk a resurgence in COVID-19 infections poses to the economic outlook. "The economy shows increased weakness in some parts, though it continued picking up amid severe conditions due to the coronavirus," the government said in the report. Japan's economy is likely to recover, although the level of economic activity, mainly in the face-to-face services sector, is expected to be lower than that prior to the pandemic for the time being, Bank of Japan Monetary policy Board member Hitoshi Suzuki said in a speech. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 66.56 Technically market is under fresh selling as market has witnessed gain in open interest by 107.53% to settled at 26817 while prices down -0.3725 rupees, now JPYINR is getting support at 66.69 and below same could see a test of 66.56 levels, and resistance is now likely to be seen at 67.03, a move above could see prices testing 67.24.

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NEWS YOU CAN USE

A top Federal Reserve official signaled he was ready to open talks on reducing some of the U.S. central bank's emergency support for the economy, even if only to clarify the Fed's plans as the economy roars ahead and prices rise. "I don't want to overstate my concern," the Fed's vice chair for supervision, Randal Quarles, said at a Brookings Institution event. He noted he did not expect a round of 1970s-style breakout inflation, and that he was "fully committed" to a new Fed strategy that aims to keep monetary policy running full-throttle while jobs recover. But he also laid out the case for why the "upside" risks of higher inflation may be mounting, and how the Fed may need to begin smoothing the way for a policy shift. Quarles is the highest-ranking Fed official to begin making that case. Two Federal Reserve bank presidents have said they felt those discussions should start soon, if not right away, though Fed Chair Jerome Powell has maintained it is still too early. The Fed has been purchasing \$120 billion in government securities since last spring.

Earnings at China's industrial firms grew at a slower pace in April, with high commodity prices and weaker performance in the consumer goods sector limiting overall profitability from manufacturing. Profits at China's industrial firms rose 57% year-on-year in April to 768.63 billion yuan (\$120.22 billion), down from year-on-year growth of 92.3% in March, data from the National Bureau of Statistics (NBS) showed. For the January-April period, industrial firms' profits grew 106% from the same period a year earlier to 2.59 trillion yuan. "The improvement of corporate performance is still uneven," an NBS official said in a statement accompanying the data. "The profitability of some consumer goods industries has not yet recovered to pre-epidemic levels; coupled with the high prices of bulk commodities, this has increased the pressure on the production and operation of midstream and downstream industries."

Japan slashed its overall economic view for the first time in three months in its economic report for May due to the impact on consumption and business conditions from a coronavirus state of emergency in major areas of the country. Authorities also repeated a warning to pay sufficient attention to the downside risk a resurgence in COVID-19 infections poses to the economic outlook. "The economy shows increased weakness in some parts, though it continued picking up amid severe conditions due to the coronavirus," the government said in the report. The government cut its assessment of the overall economy for the second time this year, after also doing so in February, which was its first downgrade in 10 months. Among its key economic elements, authorities lowered their view of private consumption, which makes up more than half of gross domestic product (GDP). The government said private consumption was showing weakness especially centred on services spending, which was a notch lower than the previous assessment, when it said it remained weak. While sales of new cars and household electronics remained largely flat, average weekly spending was decreasing compared to 2017-2019 levels.

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