

CURRENCY REPORT

KEDIA ADVISORY

Monday, May 31, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jun 2021	73.01	73.01	72.66	72.82	↓ -0.09	2596655	29.10	3168133	72.79
EUR-INR	Jun 2021	88.96	88.96	88.58	88.70	↓ -0.33	99005	-5.16	136832	88.72
GBP-INR	Jun 2021	103.39	103.60	103.11	103.19	→ 0.01	126400	2.34	231972	103.24
JPY-INR	Jun 2021	66.84	66.84	66.19	66.26	↓ -0.85	35423	32.09	44840	66.28

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2189	1.2201	1.2182	1.2199	↑ 0.08
EURGBP	0.8588	0.8621	0.8587	0.8591	↓ -0.01
EURJPY	133.87	134.02	133.72	133.76	↓ -0.13
GBPJPY	155.82	155.92	155.58	155.69	↓ -0.12
GBPUSD	1.4184	1.4200	1.4169	1.4198	↑ 0.10
USDJPY	109.83	109.94	109.60	109.65	↓ -0.16

Economical Data

TIME	ZONE	DATA
All Day	EUR	German Prelim CPI m/m
12:30pm	EUR	Spanish Flash CPI y/y
1:30pm	EUR	M3 Money Supply y/y
1:30pm	EUR	Private Loans y/y
2:30pm	EUR	Italian Prelim CPI m/m
All Day	USD	Bank Holiday

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6464.9	↑	Gold\$	1908.7	↑ 0.16
DAX	15490.9	↑	Silver\$	28.0	↑ 0.45
DJIA	34464.6	↑	Crude\$	66.3	↓ -0.79
FTSE 100	7586.8	↓	Copper \$	10274.5	↓ -0.18
HANG SENG	27777.8	↓	Aluminium \$	2506.0	↑ 0.78
KOSPI	2029.5	↓	Nickel\$	18195.0	↑ 0.89
NASDAQ	13736.3	↓	Lead\$	2200.0	↓ -0.25
NIKKEI 225	21521.5	↓	Zinc\$	3073.5	↑ 0.36

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	28/05/2021	5,917.71	5,004.12	913.59

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

Category	Date	Buy Value	Sell Value	Net Value
DII	28/05/2021	6,440.88	5,165.66	1,275.22

Spread

Currency	Spread
NSE-CUR USDINR JUN-JUL	0.35
NSE-CUR EURINR JUN-JUL	0.43
NSE-CUR GBPINR JUN-JUL	0.47
NSE-CUR JPYINR JUN-JUL	0.34

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NSE-CUR USDINR Jun 2021



	Open	High	Low	Close
	73.01	73.01	72.66	72.82
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		73.00	73.18	73.35
		Support 1	Support 2	Support 3
		72.65	72.48	72.30
Net Change	% Change	Open Interest	Volume	
-0.07	-0.09	2596655	3168133	

Trading Ideas for the Day

- # USDINR trading range for the day is 72.48-73.18.
- # USDINR dropped amid signs that India's second wave of coronavirus infections is slowing and hopes of a global economic recovery
- # Inflation remains a key concern and constrains monetary policy from using the space available to act in support of growth, RBI said.
- # India's consumer price inflation rate slowed to a three-month low in April, remaining within the central bank's 2-6 percent target.

Market Snapshot

USDINR yesterday settled down by -0.09% at 72.815 amid that India's second wave of coronavirus infections is slowing, hopes of a global economic recovery and broad dollar weakness. Meanwhile, economic data showed India's consumer price inflation rate slowed to a three-month low in April, remaining within the central bank's 2-6 percent target. Elsewhere, the RBI announced on May 5th a series of liquidity measures to help banks support the healthcare infrastructure and small borrowers hit by the COVID crisis. Talking about the monetary policy in its annual report for 2020-21, the Reserve Bank of India (RBI) said that it had to deal with the twin challenge of reviving growth from the ravages of COVID-19 while also ensuring that inflation eased from above the upper tolerance band to align with the target. As per RBI, a range of conventional and unconventional monetary, and liquidity measures ensured adequate surplus systemic liquidity to address COVID-19 related stress in the financial markets and were successful in ensuring a significant softening of interest rates across the spectrum and narrowing of risk spreads to pre-COVID levels and facilitated large flows through the corporate bond market. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 72.4767. Technically market is under fresh selling as market has witnessed gain in open interest by 29.1% to settled at 2596655 while prices down -0.065 rupees, now USDINR is getting support at 72.65 and below same could see a test of 72.48 levels, and resistance is now likely to be seen at 73, a move above could see prices testing 73.18.

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NSE-CUR EURINR Jun 2021



	Open	High	Low	Close
	88.96	88.96	88.58	88.70
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	88.92	89.14	89.31	
	Support 1	Support 2	Support 3	
	88.53	88.36	88.14	
Net Change	% Change	Open Interest	Volume	
-0.29	-0.33	99005	136832	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.36-89.14.
- # Euro dropped as dovish comments from European Central Bank officials sapped its momentum ahead of its policy meeting on June 10.
- # ECB's De Cos states that the increase in Euro-Area inflation is transitory
- # ECB's Stournaras sees no reason to change pace of PEPP purchase programme

Market Snapshot

EURINR yesterday settled down by -0.33% at 88.7025 as dovish comments from European Central Bank officials sapped its momentum ahead of its policy meeting on June 10. However investors bet stronger economic growth could prompt the European Central Bank to slow the pace of its emergency bond purchases soon. But yields started falling on Friday when ECB President Christine Lagarde said it was still too early for the ECB to discuss tapering the stimulus. ECB policymaker Yannis Stournaras said that he did not see any reason to change the bank's bond-buying programme. 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. 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. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.2307 Technically market is under long liquidation as market has witnessed drop in open interest by -5.16% to settled at 99005 while prices down -0.29 rupees, now EURINR is getting support at 88.53 and below same could see a test of 88.36 levels, and resistance is now likely to be seen at 88.92, a move above could see prices testing 89.14.

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NSE-CUR GBPINR Jun 2021



	Open	High	Low	Close
	103.39	103.60	103.11	103.19
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	103.49	103.79	103.98	
	Support 1	Support 2	Support 3	
	103.00	102.81	102.51	
Net Change	% Change	Open Interest	Volume	
0.01	0.01	126400	231972	

Trading Ideas for the Day

- # GBPINR trading range for the day is 102.81-103.79.
- # GBP pared gains after gaining earlier in day on rising expectations of an earlier than expected rate hike by the Bank of England.
- # Bank of England policymaker said the central bank was likely to raise rates well into next year.
- # Gertjan Vlieghe also noted an increase could come earlier if the economy rebounds more quickly than expected.

Market Snapshot

GBPINR yesterday settled up by 0.01% at 103.185 after gaining earlier in day on rising expectations of an earlier than expected rate hike by the Bank of England, while the U.S. currency looks to upcoming inflation data. Bank of England policymaker said the central bank was likely to raise rates well into next year. Bank of England policymaker Gertjan Vlieghe said he would no longer be on the central bank's Monetary Policy Committee by the time it is likely to consider raising interest rates next year. "I won't be part of the committee, but if I had still been there, then in those circumstances I would think about beginning that process," in response to a question about the exact circumstances under which the BoE might raise rates. Vlieghe's second three-year term as an external member of the MPC expires in August, and cannot be renewed. But there have been suggestions in some financial circles that Vlieghe could apply to succeed Andy Haldane as chief economist, securing a permanent place on the MPC. British retailers reported a return to normal for sales volumes this month after a flurry of demand in April when lockdown restrictions lifted for non-essential shops, the Confederation of British Industry said. The CBI's balance for sales for the time of year dropped to -3 in May from +16 in April, indicating roughly normal sales volumes. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 102.7724 Technically market is under fresh buying as market has witnessed gain in open interest by 2.34% to settled at 126400 while prices up 0.0075 rupees, now GBPINR is getting support at 103 and below same could see a test of 102.81 levels, and resistance is now likely to be seen at 103.49, a move above could see prices testing 103.79.

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NSE-CUR JPYINR Jun 2021



	Open	High	Low	Close
	66.84	66.84	66.19	66.26
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	66.67	67.08	67.32	
	Support 1	Support 2	Support 3	
	66.02	65.78	65.37	
Net Change	% Change	Open Interest	Volume	
	-0.57	-0.85	35423	44840

Trading Ideas for the Day

- # JPYINR trading range for the day is 65.78-67.08.
- # JPY dropped hampered by concerns about a delay in Japan's economic recovery after reports that Japan is looking to extend a state of emergency in Tokyo.
- # In addition, the dollar enjoyed a boost from higher U.S. bond yields after reports that President Joe Biden will announce a \$6 trillion budget for 2022.
- # The unemployment rate in Japan came in at a seasonally adjusted 2.8 percent in April

Market Snapshot

JPYINR yesterday settled down by -0.85% at 66.2575 hampered by concerns about a delay in Japan's economic recovery after media report that Japan is looking to extend a state of emergency in Tokyo and several other areas by three weeks to June 20. In addition, the dollar enjoyed a boost from higher U.S. bond yields after a New York Times report that President Joe Biden will announce a \$6 trillion budget for 2022. The proposal came as the U.S. economic recovery appears to gain momentum. The number of Americans filing new claims for unemployment benefits dropped more than expected last week to a seasonally adjusted 406,000 with companies desperate for workers to meet surging demand unleashed by a rapidly reopening economy. While that is way above the Federal Reserve's target of 2%, economists expect core inflation to gradually slow later in the year, thus allowing the Fed to stick to the current size of asset purchases for the time being. The unemployment rate in Japan came in at a seasonally adjusted 2.8 percent in April, the Ministry of Communications and Internal Affairs said. That was above expectations for 2.7 percent and was up from 2.6 percent in March. The job-to-applicant ratio was 1.09 - again missing forecasts for 1.10, which would have been unchanged from the previous month. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 65.96 Technically market is under fresh selling as market has witnessed gain in open interest by 32.09% to settled at 35423 while prices down -0.565 rupees, now JPYINR is getting support at 66.02 and below same could see a test of 65.78 levels, and resistance is now likely to be seen at 66.67, a move above could see prices testing 67.08.

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NEWS YOU CAN USE

The impact of the COVID-19 second wave on the Indian economy is not as bad as the first wave, but the surrounding uncertainties remain, the Reserve Bank of India (RBI) 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. It said that although the economy was hit by the second of the coronavirus pandemic, it remained resilient on the back of a bountiful harvest in the RBI farming season as well as the momentum of activity in sectors such as road construction, information technology, housing, and freight transportation. "The prospects for the Indian economy, though impacted by the second wave, remain resilient, backed by the prospects of another bumper rabi crop, the gathering momentum of activity in several sectors of the economy till March.

Bank of England Governor Andrew Bailey said that he does not see long-term implications from an expected pick-up in inflation as the economy emerges from the coronavirus pandemic. British inflation jumped to 1.5% in April from 0.7% in March, due to a mix of higher oil prices, rises in regulated household energy bills and comparisons against weak prices a year ago during the depths of the pandemic. "The Monetary Policy Committee judges that these transitory developments should have few direct implications for inflation over the medium term," Bailey said in an annual report to parliament's Treasury Committee. Bailey described public inflation expectations as "well anchored". The BoE forecast this month that consumer price inflation would rise above its 2% target to 2.5% by the end of this year, before slowly falling. Michael Saunders, an external member of the BoE's Monetary Policy Committee appearing before the same committee, said he broadly agreed with the BoE's central policy forecasts.

The Bank of Japan will consider extending its pandemic-relief programme beyond the current September deadline if necessary, Governor Haruhiko Kuroda said as the country struggles with a spike in COVID-19 infections that is crippling the economy. Kuroda said the world's third-largest economy remains on a path toward recovery as robust exports and corporate profits offset some of the pandemic's damage to consumption. But he warned that there was high uncertainty about the pace of vaccine rollouts, which could inflict longer-than-expected pain on the economy. "For the time being, risks to Japan's economic outlook are skewed to the downside," Kuroda said in a speech delivered at a seminar on Wednesday. "Taken into account the impact of the pandemic, we will consider extending further" the deadline for the BOJ's measures to ease corporate funding strains caused by the crisis, he said. The BOJ last year ramped up asset purchases and put in place a loan programme aimed at channeling money to cash-strapped small firms to cushion the blow from the health crisis.

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