

# CURRENCY REPORT

KEDIA ADVISORY

Thursday, September 30, 2021

## Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Oct 2021	74.33	74.48	74.29	74.44	↑ 0.15	1748209	2.72	2585446	74.39
EUR-INR	Oct 2021	86.91	87.00	86.73	86.76	↓ -0.14	92044	6.48	178001	86.87
GBP-INR	Oct 2021	100.82	100.84	100.36	100.40	↓ -0.74	187431	69.60	349243	100.65
JPY-INR	Oct 2021	66.74	66.94	66.70	66.86	↑ 0.17	37289	-11.31	74370	66.82

## Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.1597	1.1608	1.1594	1.1607	↑ 0.10
EURGBP	0.8636	0.8641	0.8627	0.8629	↓ -0.05
EURJPY	129.80	129.91	129.69	129.78	↓ -0.05
GBPJPY	150.25	150.46	150.22	150.40	↑ 0.10
GBPUSD	1.3423	1.3452	1.3421	1.3451	↑ 0.20
USDJPY	111.94	111.98	111.76	111.81	↓ -0.12

## Economical Data

TIME	ZONE	DATA
All Day	EUR	German Prelim CPI m/m
12:15pm	EUR	French Consumer Spending m/m
12:15pm	EUR	French Prelim CPI m/m
1:25pm	EUR	German Unemployment Change
1:30pm	EUR	Italian Monthly Unemployment Rate
2:30pm	EUR	Italian Prelim CPI m/m
2:30pm	EUR	Unemployment Rate
6:00pm	USD	Final GDP q/q
6:00pm	USD	Unemployment Claims
6:00pm	USD	Final GDP Price Index q/q
7:15pm	USD	Chicago PMI
7:30pm	USD	FOMC Member Williams Speaks
8:00pm	USD	Natural Gas Storage
8:30pm	USD	FOMC Member Bostic Speaks

## Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6563.1	↑ 0.87	Gold\$	1732.8	↑ 0.41
DAX	15375.8	↑ 0.83	Silver\$	21.5	↑ 0.13
DJIA	34508.5	↑ 0.61	Crude\$	74.8	↓ -0.61
FTSE 100	7586.8	↓ -0.78	Copper \$	9193.0	↑ 0.35
HANG SENG	27777.8	↓ -1.31	Aluminium \$	2920.0	↑ 0.24
KOSPI	2029.5	↓ -0.23	Nickel\$	18450.0	↑ 0.99
NASDAQ	14622.1	↑ 0.52	Lead\$	2143.5	↑ 0.42
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	3053.5	↑ 0.25

## 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	29/09/2021	12,499.38	14,395.40	-1,896.02

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

Category	Date	Buy Value	Sell Value	Net Value
DII	29/09/2021	13,948.96	10,686.80	3,262.16

## Spread

Currency	Spread
NSE-CUR USDINR OCT-NOV	0.24
NSE-CUR EURINR OCT-NOV	0.31
NSE-CUR GBPINR OCT-NOV	0.33
NSE-CUR JPYINR OCT-NOV	0.21

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## NSE-CUR USDINR Oct 2021



	Open	High	Low	Close
	74.33	74.48	74.29	74.44
Support and Resistance for the Day		<b>Resit 1</b>	<b>Resit 2</b>	<b>Resit 3</b>
		74.51	74.59	74.70
		<b>Support 1</b>	<b>Support 2</b>	<b>Support 3</b>
	74.32	74.21	74.13	
Net Change	% Change	Open Interest	Volume	
0.11	0.15	1748209	2585446	

### Trading Ideas for the Day

- # USDINR trading range for the day is 74.21-74.59.
- # USDINR remained supported on expectations the U.S. Federal Reserve would soon start to unwind bond purchases gained momentum again.
- # Fed Chairman Jerome Powell has warned that the latest increase in inflation could last longer than expected.
- # IcrA revises up India's fiscal 2022 GDP growth forecast to 9%

### Market Snapshot

USDINR yesterday settled up by 0.15% at 74.435 on expectations the U.S. Federal Reserve would soon start to unwind bond purchases gained momentum again. Federal Reserve officials including the chairman and regional presidents of New York and Chicago concurred that the U.S. economy was close to exhibiting "substantial further progress", indicating a moderation in bond buying purchase might soon be warranted. Fed Chairman Jerome Powell has warned that the latest increase in inflation could last longer than expected. Ratings agency IcrA revised up its 2021-22 real GDP growth estimate for India to 9 per cent from the earlier 8.5 per cent. A ramp-up in COVID-19 vaccination, healthy advance estimates of kharif (summer) crop and faster government spending were the factors which led to the revision, the agency said in a statement. It can be noted that after the 7.3 per cent contraction in 2020-21, there were expectations of a higher growth number in 2021-22. However, the second wave of COVID-19 infections early into the fiscal year, which spread even in the hinterland, made analysts more circumspect. The RBI expects the economy to grow at 9.5 per cent. IcrA said it expects the second half of the fiscal year to have brighter prospects. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the USD at 74.153 Technically market is under fresh buying as market has witnessed gain in open interest by 2.72% to settled at 1748209 while prices up 0.11 rupees, now USDINR is getting support at 74.32 and below same could see a test of 74.21 levels, and resistance is now likely to be seen at 74.51, a move above could see prices testing 74.59.

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## NSE-CUR EURINR Oct 2021



## Trading Ideas for the Day

- # EURINR trading range for the day is 86.56-87.1.
- # Euro remained under pressure amid signs the European Central Bank will remain dovish for some time
- # Bundesbank - Sees German inflation peaking between 4-5% by year end, sees inflation still above 2% by mid-2022
- # ECB's Lagarde - There are some factors that could lead to stronger price pressures than are currently expected

## Market Snapshot

EURINR yesterday settled down by -0.14% at 86.7625 amid signs the European Central Bank will remain dovish for some time while the US Federal Reserve moves towards tapering. ECB President Christine Lagarde told the ECB Forum on Central Banking that there are no signs recent price increases are becoming broad-based across the economy, while promising patience before policy tightening. Meanwhile, US Federal Reserve Chair Powell said last week the Fed could begin scaling back asset purchases in November and start hiking interest rates as soon as next year. Germany's Ifo economic institute has cut its growth forecast for Europe's largest economy for this year as supply chain disruptions and a scarcity of chips and other intermediate goods are slowing down the recovery from the COVID-19 pandemic. The institute now sees Germany's gross domestic product (GDP) growing 2.5% this year, down 0.8 percentage points from its previous forecast, and 5.1% next year, up 0.8 points. The weaker-than-expected rebound in 2021 follows a plunge of overall economic output by 4.6% in 2020 caused by coronavirus restrictions on public life and business activities to contain the spread of the highly infectious disease. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the Euro at 86.6255. Technically market is under fresh selling as market has witnessed gain in open interest by 6.48% to settled at 92044 while prices down -0.12 rupees, now EURINR is getting support at 86.66 and below same could see a test of 86.56 levels, and resistance is now likely to be seen at 86.93, a move above could see prices testing 87.1.

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## NSE-CUR GBPINR Oct 2021



	Open	High	Low	Close
	100.82	100.84	100.36	100.40
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	100.71	101.02	101.20	
	Support 1	Support 2	Support 3	
	100.22	100.04	99.73	
Net Change	% Change	Open Interest	Volume	
-0.75	-0.74	187431	349243	

## Trading Ideas for the Day

- # GBPINR trading range for the day is 100.04-101.02.
- # GBP dropped as due to a stronger dollar as the US Federal Reserve is seen tapering its bond-buying scheme in November
- # Investors also digested the Bank of England's hawkish tone on monetary policy.
- # Governor Andrew Bailey said interest rates could rise as early as this year, even before the current bond-buying program expires if necessary

## Market Snapshot

GBPINR yesterday settled down by -0.74% at 100.4025 as due to a stronger dollar as the US Federal Reserve is seen tapering its bond-buying scheme in November and investors also digested the Bank of England's hawkish tone on monetary policy. Governor Andrew Bailey said interest rates could rise as early as this year, even before the current bond-buying program expires if necessary, due to inflationary pressure. Last week, the central bank lifted its forecast for inflation and two of its policymakers called for an immediate halt to the £895 billion bond purchase programme, bringing forward expectations for an interest hike. Meanwhile, concerns over the British economy and the unemployment outlook mounted, as a furlough scheme introduced to mitigate the effects of the pandemic ends this month. Bank of England interest rate-setter Catherine Mann said on Tuesday that inflation signals from financial markets and the labour market were not troubling, and there were signs that the pace of growth in energy prices was cooling. "The signal there is not troubling," Mann said, referring to five-year ahead inflation expectations priced into financial markets. "Transitory, yes. Troubling, no." The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the British Pound was fixed at 100.461 Technically market is under fresh selling as market has witnessed gain in open interest by 69.6% to settled at 187431 while prices down -0.7475 rupees, now GBPINR is getting support at 100.22 and below same could see a test of 100.04 levels, and resistance is now likely to be seen at 100.71, a move above could see prices testing 101.02.

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## NSE-CUR JPYINR Oct 2021



	Open	High	Low	Close
	66.74	66.94	66.70	66.86
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	66.96	67.07	67.20	
	Support 1	Support 2	Support 3	
	66.72	66.59	66.48	
Net Change	% Change	Open Interest	Volume	
0.11	0.17	37289	74370	

### Trading Ideas for the Day

- # JPYINR trading range for the day is 66.59-67.07.
- # JPY remained supported as traders digested ruling party elections and continued to monitor Evergrande's interest payments.
- # Japan's Aso urges joint monetary, fiscal policies to spur inflation
- # Some said Japan's recovery timing might be delayed - minutes

### Market Snapshot

JPYINR yesterday settled up by 0.17% at 66.855 as traders digested ruling party elections and continued to monitor Evergrande's interest payments. Meanwhile, Fitch downgraded Evergrande's credit rating to just above default level, citing the risk of the embattled property developer having missed its interest payments on dollar denominated bonds. Japanese Finance Minister Taro Aso called for a combination of monetary and fiscal policies to help boost inflation towards the Bank of Japan's 2% inflation target, saying easy money policy has its limit. "We must utilise both monetary and fiscal policies" to bring inflation to a certain level, Aso told reporters after a cabinet meeting. Aso made the remark when asked to evaluate efforts by BOJ Governor Haruhiko Kuroda, who became on Tuesday the longest serving Japanese central bank governor. It was rare for the finance minister to speak at length about monetary policy, which he usually leaves to the BOJ. "It's true the BOJ has not yet achieved its 2% inflation target," Aso said. Some Bank of Japan policymakers warned of the risk of a delay in the country's economic recovery as state of emergency curbs to combat the coronavirus pandemic weighed on consumption, minutes of their July meeting showed. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the Japanese Yen at 66.52 Technically market is under short covering as market has witnessed drop in open interest by -11.31% to settled at 37289 while prices up 0.1125 rupees, now JPYINR is getting support at 66.72 and below same could see a test of 66.59 levels, and resistance is now likely to be seen at 66.96, a move above could see prices testing 67.07.

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## NEWS YOU CAN USE

U.S. consumer confidence fell to a seven-month low in September as a relentless rise in COVID-19 cases deepened concerns about the economy's near-term prospects, fitting in with expectations for a slowdown in growth in the third quarter. The survey from the Conference Board showed consumers less interested in buying a home and big-ticket items such as motor vehicles and major household appliances over the next six months. Consumers were also not as upbeat in their views of the labor market as in the prior month. Economic activity has cooled in recent months as the boost from pandemic relief money faded and infections flared up, driven by the highly contagious Delta variant of the coronavirus. Labor and raw material shortages have also chipped away at growth. The Conference Board said its consumer confidence index dropped to a reading of 109.3 this month from 115.2 in August. The third straight monthly decline pushed the index to the lowest level since February.

The Federal Reserve should let its roughly \$8 trillion balance sheet shrink next year as soon as it winds down a bond purchase program, St. Louis Federal Reserve president James Bullard said, cautioning high inflation may require more aggressive steps by the central bank including two interest rate hikes in 2022. In an interview Bullard said he now expects inflation to remain at 2.8% through next year, well above the central bank's 2% target and the highest among new economic projections issued by Fed officials last week. While Bullard said he agrees inflation will ease somewhat on its own, he said it will take more central bank effort to ensure that happens smoothly over time, and never requires the sort of restrictive policies that could imperil the current expansion. Inflation "is going to stay above target over the forecast horizon. That is a good thing. We are delivering on our...framework," Bullard said of Fed projections last week that inflation will remain above 2% through 2024, even as interest rates remain below the level that would be considered restrictive.

Bank of England interest rate-setter Catherine Mann said on Tuesday that inflation signals from financial markets and the labour market were not troubling, and there were signs that the pace of growth in energy prices was cooling. "The signal there is not troubling," Mann said, referring to five-year ahead inflation expectations priced into financial markets. "Transitory, yes. Troubling, no." Mann, speaking in a panel discussion organised by the United States' National Association for Business Economics, said there were no signs of a long-term spiral in inflation caused by businesses changing their pricing strategies. Inflation in Britain has gathered steam as the country's economy bounces back from its nearly 10% slump last year and after a jump in energy prices around the world, as well as domestic supply chain bottlenecks and labour shortages. The BoE last week raised slightly its forecast for inflation at the end of the year to over 4%, more than twice its target rate, and said the case for higher interest rates appeared to have strengthened.

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