



CURRENCY REPORT

- Daily



CURRENCY REPORT

KEDIA ADVISORY

Tuesday, June 21, 2022

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jun 2022	78.08	78.08	77.92	78.03	↓ -0.14	5278478	-1.45	1379836	78.01
EUR-INR	Jun 2022	82.21	82.37	82.10	82.21	↓ -0.04	89547	1.57	179460	82.22
GBP-INR	Jun 2022	96.40	96.40	95.35	95.63	↓ -0.52	66124	-1.43	286243	95.54
JPY-INR	Jun 2022	58.00	58.09	57.82	57.91	↓ -0.46	91012	6.37	88409	57.93

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.0511	1.0542	1.0507	1.0534	↑ 0.22
EURGBP	0.8578	0.8588	0.8575	0.8582	↑ 0.05
EURJPY	141.97	142.44	141.88	142.26	↑ 0.24
GBPJPY	165.36	165.87	165.31	165.74	↑ 0.23
GBPUSD	1.2246	1.2283	1.2239	1.2271	↑ 0.21
USDJPY	135.08	135.22	134.89	135.06	↓ -0.01

Economical Data

TIME	ZONE	DATA
1:00pm	GBP	MPC Member Pill Speaks
1:30pm	EUR	Current Account
3:30pm	GBP	CBI Industrial Order Expectations
5:45pm	GBP	MPC Member Tenreyro Speaks
7:30pm	USD	Existing Home Sales
9:30pm	USD	FOMC Member Mester Speaks

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5879.8	↓ -0.05	Gold\$	1841.5	↑ 0.18
DAX	13158.8	↑ 0.25	Silver\$	21.7	↑ 0.51
DJIA	29888.8	↓ -0.13	Crude\$	108.6	↓ -6.30
FTSE 100	3435.7	↑ 0.58	Copper \$	8981.0	↑ 0.57
HANG SENG	21150.6	↑ 0.36	Aluminium \$	2530.5	↑ 0.64
KOSPI	2029.5	↓ -0.23	Nickel\$	25945.0	→ 0.00
NASDAQ	10798.4	↑ 1.43	Lead\$	2096.5	↓ -0.07
NIKKEI 225	25771.2	↓ -0.74	Zinc\$	3543.0	↑ 0.45

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	20/06/2022	4,355.02	5,572.14	-1,217.12

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

Category	Date	Buy Value	Sell Value	Net Value
DII	20/06/2022	6,099.48	4,006.09	2,093.39

Spread

Currency	Spread
NSE-CUR USDINR JUN-JUL	0.21
NSE-CUR EURINR JUN-JUL	0.33
NSE-CUR GBPINR JUN-JUL	0.31
NSE-CUR JPYINR JUN-JUL	0.27

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NSE-CUR USDINR Jun 2022



Trading Ideas for the Day

- # USDINR trading range for the day is 77.84-78.18.
- # USDINR dropped due to softening in crude prices globally and likely inflows into local stocks.
- # India central bank not behind curve, targeting soft landing for economy, governor says
- # Global economic worries countered concerns around aggressive monetary tightening by Fed, with focus being on several central bankers' views this week.

Market Snapshot

USDINR yesterday settled down by -0.14% at 78.025 due to softening in crude prices globally and likely inflows into local stocks. However global economic worries countered concerns around aggressive monetary tightening by the U.S. Federal Reserve, with focus being on several central bankers' views this week. In the latest commentary, Fed Governor Christopher Waller said he would support another hike of a similar scale at the central bank's July meeting should economic data come in as he expects. Meanwhile, Cleveland Fed Bank President Loretta Mester warned that the risk of a US recession is increasing, and that it will take several years to return to the central bank's 2% inflation goal. India's central bank is not behind the curve and is confident of exiting from ultra-loose monetary policy smoothly and ensuring a soft landing for the economy, Governor Shaktikanta Das said. Das "truly and sincerely" believes the Reserve Bank of India (RBI) is in sync with the requirements of the economy, he said at a banking event organised by the Financial Express newspaper. Fitch Ratings said the Reserve Bank is likely to raise interest rates further to 5.9 per cent by December 2022, on deteriorating inflation outlook. In its update to Global Economic Outlook, Fitch said India's economy faces a worsening external environment, elevated commodity prices, and tighter global monetary policy. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the USD at 77.996. Technically market is under long liquidation as market has witnessed drop in open interest by -1.45% to settled at 5278478 while prices down -0.11 rupees, now USDINR is getting support at 77.93 and below same could see a test of 77.84 levels, and resistance is now likely to be seen at 78.1, a move above could see prices testing 78.18.

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NSE-CUR EURINR Jun 2022



	Open	High	Low	Close
	82.21	82.37	82.10	82.21
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		82.36	82.51	82.64
		Support 1	Support 2	Support 3
	82.08	81.95	81.80	
Net Change	% Change	Open Interest	Volume	
	-0.03	-0.04	89547	179460

Trading Ideas for the Day

- # EURINR trading range for the day is 81.95-82.51.
- # Euro steadied as markets focused on the European Central Bank's tools to fight fragmentation in the currency bloc
- # Euro zone inflation confirmed at record high 8.1% in May
- # French President Emmanuel Macron lost an absolute majority in the country's parliamentary election.

Market Snapshot

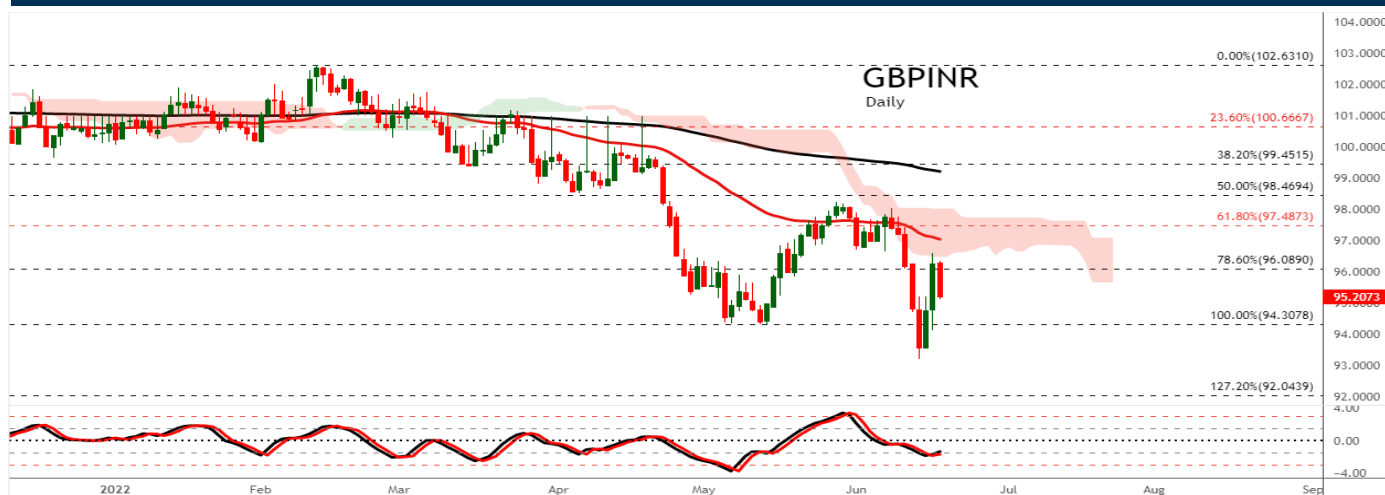
EURINR yesterday settled down by -0.04% at 82.2125 as markets focused on the European Central Bank's tools to fight fragmentation in the currency bloc, even as French President Emmanuel Macron lost an absolute majority in the country's parliamentary election. Macron's centrist Ensemble coalition secured the most seats in the National Assembly but fell well short of an absolute majority needed to control parliament, final results showed. Euro zone inflation rose to a record high 8.1% last month in line with a preliminary estimate, more than four times the European Central Bank's target and underscoring its plans to raise interest rates next month to tame runaway price growth. Initially driven by post-pandemic supply shortages and soaring energy prices following Russia's invasion of Ukraine, inflation has now become increasingly broad, affecting everything from food and services to everyday goods. Price growth across the 19 countries sharing the euro rose to 8.1% in May from 7.4% in April, in line with a preliminary estimate published on May 31, the European Union's statistics agency Eurostat said. Euro zone finance ministers decided to delay a vote to replace the outgoing head of the bloc's bailout fund as countries remained divided over the successor of retiring Klaus Regling. Three candidates were still running for the job as the European Stability Mechanism (ESM) held its annual meeting in Luxembourg. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the Euro at 82.1319. Technically market is under fresh selling as market has witnessed gain in open interest by 1.57% to settled at 89547 while prices down -0.03 rupees, now EURINR is getting support at 82.08 and below same could see a test of 81.95 levels, and resistance is now likely to be seen at 82.36, a move above could see prices testing 82.51.

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NSE-CUR GBPINR Jun 2022



	Open	High	Low	Close
	96.40	96.40	95.35	95.63
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	96.24	96.84	97.29	
	Support 1	Support 2	Support 3	
	95.19	94.74	94.14	
Net Change	% Change	Open Interest	Volume	
-0.50	-0.52	66124	286243	

Trading Ideas for the Day

- # GBPINR trading range for the day is 94.74-96.84.
- # GBP dropped as the BoE's rate hike did not match the 75 bps increase from the Federal Reserve and an unexpected 50bps raise from the Swiss National Bank.
- # BoE's new message that it may have to act "forcefully" on interest rates is not unconditional and depends on the persistence of inflation pressures
- # Net short pound positions fell for a third consecutive week, according to latest positioning data as some traders have cut back on their bearish pound bets.

Market Snapshot

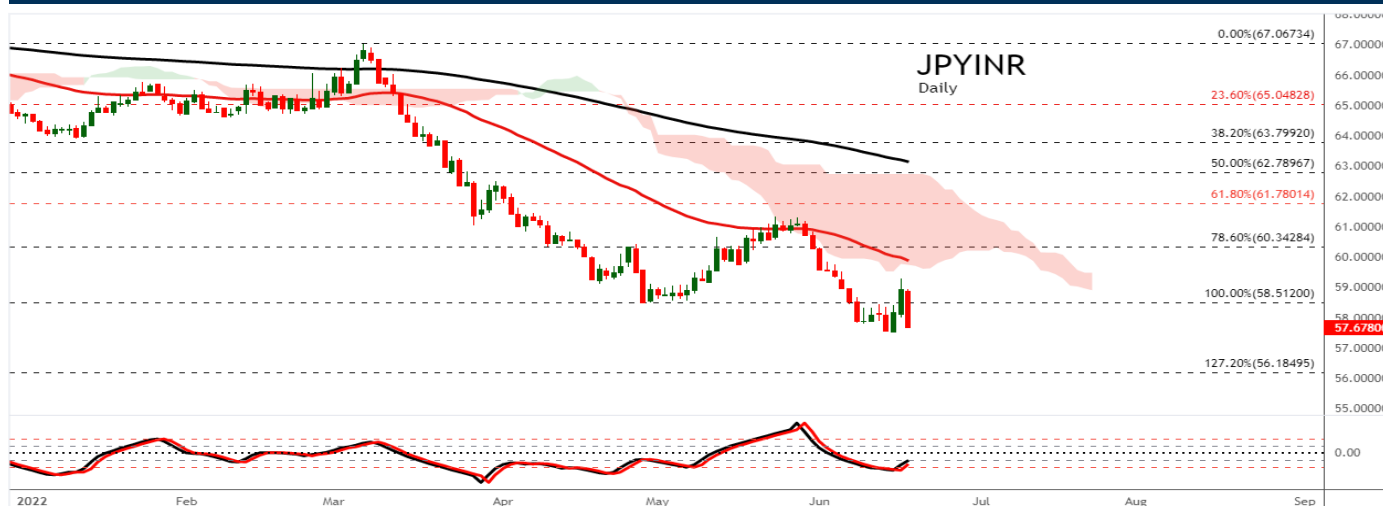
GBPINR yesterday settled down by -0.52% at 95.6325 as the BoE's rate hike did not match the 75 bps increase from the Federal Reserve and an unexpected 50bps raise from the Swiss National Bank. Inflation in the UK is running at 40-year highs and is expected to hit double digits in Q3, with fresh estimates pointing to 11% for October. Adding to woes, recession concerns remain prevalent, as the British economy contracted 0.3% in April and 0.1% in March. While the Bank of England raised interest rates by just a quarter point last week – lagging more robust action from the U.S. Federal Reserve and other central banks, markets are putting an 80% chance on a half-point rise in July and expect almost 100 basis points of tightening by September. The BoE's new message that it may have to act "forcefully" on interest rates is not unconditional and depends on the persistence of inflation pressures, the central bank's chief economist said. Net short pound positions fell for a third consecutive week, according to latest positioning data as some traders have cut back on their bearish pound bets. The number of people in work in the UK went up by 177,000 on quarter to 32,707 in the three months to March of 2022, well above market expectations of a 105,000 rise. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the British Pound was fixed at 95.4406 Technically market is under long liquidation as market has witnessed drop in open interest by -1.43% to settled at 66124 while prices down -0.5 rupees, now GBPINR is getting support at 95.19 and below same could see a test of 94.74 levels, and resistance is now likely to be seen at 96.24, a move above could see prices testing 96.84.

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NSE-CUR JPYINR Jun 2022



	Open	High	Low	Close
	58.00	58.09	57.82	57.91
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	58.05	58.20	58.31	
	Support 1	Support 2	Support 3	
	57.79	57.68	57.53	
Net Change	% Change	Open Interest	Volume	
	-0.27	-0.46	91012	88409

Trading Ideas for the Day

- # JPYINR trading range for the day is 57.68-58.2.
- # JPY dropped after BOJ renewed its commitment to ultra-easy policy and bucked the trend among global peers to rapidly raise interest rates.
- # Kuroda: Recent rapid yen weakening undesirable as it raises uncertainty
- # The BOJ made a rare reference to the currency market, saying it needed to watch its impact on the economy and markets.

Market Snapshot

JPYINR yesterday settled down by -0.46% at 57.905 after the Bank of Japan last week renewed its commitment to ultra-easy policy and bucked the trend among global peers to rapidly raise interest rates. Bank of Japan Governor Haruhiko Kuroda has entered the prime minister's official residence and is expected to meet with Prime Minister Fumio Kishida, Jiji news agency reported. The BOJ maintained ultra-low interest rates on Friday and vowed to defend its cap on bond yields with unlimited buying, bucking a global wave of monetary tightening in a show of resolve to focus on supporting a tepid economic recovery. The central bank also resisted market pressure on the yen and government bonds, amid earlier speculations mainly among foreign investors that the bank may tweak its current yield control policy. The BOJ left its key short-term interest rate unchanged at -0.1% and that for 10-year bond yields around 0% at its June meeting, as widely expected. The board also said it would offer to buy unlimited amounts of the bonds to defend an implicit 0.25% cap every market day, repeating the guidance on market operations it made in April. Meanwhile, the BOJ made a rare reference to the currency market, saying it needed to watch its impact on the economy and markets. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the Japanese Yen at 57.82 Technically market is under fresh selling as market has witnessed gain in open interest by 6.37% to settled at 91012 while prices down -0.2675 rupees, now JPYINR is getting support at 57.79 and below same could see a test of 57.68 levels, and resistance is now likely to be seen at 58.05, a move above could see prices testing 58.2.

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NEWS YOU CAN USE

China stood pat on its benchmark lending rates for corporate and household loans, as expected, on Monday, with global central banks' rate increases making it tough for Beijing to stimulate a weak domestic economy by lowering rates. Markets widely believe that Chinese policymakers are wary of risks that the yuan will depreciate and capital outflows will be triggered if they embark on further monetary easing to underpin a COVID-19-hit economy at a time when other major economies are # tightening their rates policies. The one-year loan prime rate (LPR) was kept at 3.70%, and the five-year LPR was unchanged at 4.45%. "Perhaps there is some reluctance in loosening monetary policy to support economic activity, which could reflect some caution in moving in the opposite direction to other central banks, particularly the Federal Reserve," said Stephen Innes, managing partner at SPI Asset Management. Central banks across Europe raised interest rates last week, some by a level that shocked markets, in the wake of the Fed's 75 basis point hike to combat high inflation.

Production at U.S. factories unexpectedly fell in May, the latest sign of cooling economic activity as the Federal Reserve aggressively tightens monetary policy to tame inflation. The first decline in manufacturing output since January reported by the Fed followed news this week of a drop in retail sales last month as well as steep declines in homebuilding and permits. The weakness in production also reflects a shift in spending from goods to services. Manufacturing, which accounts for 12% of # the U.S. economy, has been supported by strong demand for goods. But spending is gradually reverting back to services, while Russia's dragging war against Ukraine and China's zero-tolerance COVID-19 policy have further entangled supply chains. A survey from the New York Fed this week showed activity at factories in New York state remained soft in June, with unfilled orders falling for the first time in over a year. Weaker conditions were also reported in the mid-Atlantic region, with the Philadelphia Fed's measure of manufacturing activity posting a negative reading this month for the first time since May 2020.

India's central bank is not behind the curve and is confident of exiting from ultra-loose monetary policy smoothly and ensuring a soft landing for the economy, Governor Shaktikanta Das said. Das "truly and sincerely" believes the Reserve Bank of India (RBI) is in sync with the requirements of the economy, he said at a banking event organised by the Financial Express newspaper. "I would not agree with any perception or any sort of description that the RBI has fallen behind the # curve. Just imagine if we had started increasing the rates early, what would have happened to growth?," he said in response to a question. Das said the current high levels of retail inflation above 7% levels are largely on account of the war in Ukraine, adding that early withdrawal of accommodation or rate increases by the RBI would have not helped prevent the spike in inflation. India's retail inflation eased marginally in May, after touching an eight-year high of 7.79% in April, but remained above the central bank's tolerance band for a fifth month in a row, suggesting it would hike rates for the third month in a row in August.

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