



CURRENCY REPORT

- Daily



CURRENCY REPORT

KEDIA ADVISORY

Wednesday, June 22, 2022

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jun 2022	77.95	78.18	77.95	78.15	↑ 0.16	5245508	-0.62	1526465	78.09
EUR-INR	Jun 2022	82.19	82.71	82.19	82.52	↑ 0.37	84473	-5.67	218107	82.46
GBP-INR	Jun 2022	95.80	96.26	95.69	95.89	↑ 0.27	61851	-6.46	259301	95.96
JPY-INR	Jun 2022	57.88	57.93	57.54	57.58	↓ -0.56	98074	7.76	71622	57.79

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.0535	1.0539	1.0500	1.0515	↓ -0.18
EURGBP	0.8579	0.8588	0.8573	0.8585	↑ 0.10
EURJPY	143.96	144.01	142.91	143.19	↓ -0.54
GBPJPY	167.76	167.86	166.63	166.78	↓ -0.60
GBPUSD	1.2276	1.2280	1.2232	1.2247	↓ -0.24
USDJPY	136.65	136.71	136.04	136.18	↓ -0.35

Economical Data

TIME	ZONE	DATA
11:30am	GBP	CPI y/y
11:30am	GBP	Core CPI y/y
11:30am	GBP	PPI Input m/m
11:30am	GBP	PPI Output m/m
11:30am	GBP	RPI y/y
2:00pm	GBP	HPI y/y
2:10pm	GBP	MPC Member Cunliffe Speaks
7:00pm	USD	Fed Chair Powell Testifies
7:30pm	EUR	Consumer Confidence

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	5999.0	↑	Gold\$	1827.4	↓ -0.25
DAX	13399.2	↑	Silver\$	21.5	↓ -0.90
DJIA	30383.8	↑	Crude\$	109.3	↑ 1.42
FTSE 100	3435.7	↑	Copper \$	8891.5	↓ -0.82
HANG SENG	21544.3	↑	Aluminium \$	2515.0	↓ -0.59
KOSPI	2029.5	↓	Nickel\$	26095.0	→ 0.00
NASDAQ	11070.8	↑	Lead\$	2054.0	↓ -0.39
NIKKEI 225	26246.3	↑	Zinc\$	3569.5	↓ -0.08

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	21/06/2022	4,617.83	7,319.04	-2,701.21

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

Category	Date	Buy Value	Sell Value	Net Value
DII	21/06/2022	6,527.22	3,460.81	3,066.41

Spread

Currency	Spread
NSE-CUR USDINR JUN-JUL	0.18
NSE-CUR EURINR JUN-JUL	0.30
NSE-CUR GBPINR JUN-JUL	0.26
NSE-CUR JPYINR JUN-JUL	0.26

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NSE-CUR USDINR Jun 2022



Trading Ideas for the Day

- # USDINR trading range for the day is 77.87-78.31.
- # USDINR remained supported as Fed's super-sized rate hike weighed on risk appetite, raising fears of more capital outflows
- # Indian central bank's transition to a tighter monetary policy from an ultra-loose phase will be smooth and there won't be any disruptions, Governor Das said
- # Gross domestic product in India slowed to its weakest in a year last quarter.

Market Snapshot

USDINR yesterday settled up by 0.16% at 78.15 as Fed's super-sized rate hike weighed on risk appetite, raising fears of more capital outflows from the domestic market. Indian central bank's transition to a tighter monetary policy from an ultra-loose phase will be smooth and there won't be any disruptions, Governor Shaktikanta Das said. "We are targeting a soft landing," Das said, adding that the Reserve Bank of India is in sync with the requirements of the Indian economy. The process of coming out of easy liquidity system takes long time due to factors partly beyond the RBI's control, Das said. India's central bank raised rates by 90 basis points this year to tame prices that have run above its 6% tolerance limit since the beginning of the year. The US Federal Reserve raised the key interest rate by 75bps in June, against 50bps announced earlier, with the Fed chair reiterating that a 50 or 75 basis point increase "seems most likely" in July. In contrast, the RBI governor pledged that transition to a tighter monetary policy from an ultra-loose phase will be smooth and there won't be any disruptions, although the central bank delivered a 90 bps rate-hike this year to tame prices that have run above its 6% tolerance limit since the beginning of the year. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the USD at 78.0861 Technically market is under short covering as market has witnessed drop in open interest by -0.62% to settled at 5245508 while prices up 0.125 rupees, now USDINR is getting support at 78.01 and below same could see a test of 77.87 levels, and resistance is now likely to be seen at 78.23, a move above could see prices testing 78.31.

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NSE-CUR EURINR Jun 2022



Trading Ideas for the Day

- # EURINR trading range for the day is 81.95-82.99.
- # Euro rose after ECB President Lagarde reaffirmed plans to hike rates twice this summer following last week's measures to mitigate a market rout
- # Record high euro zone inflation risked fuelling "inflation psychology," European Central Bank chief economist Philip Lane said
- # Euro zone current account deficit widens as energy price surge takes a toll

Market Snapshot

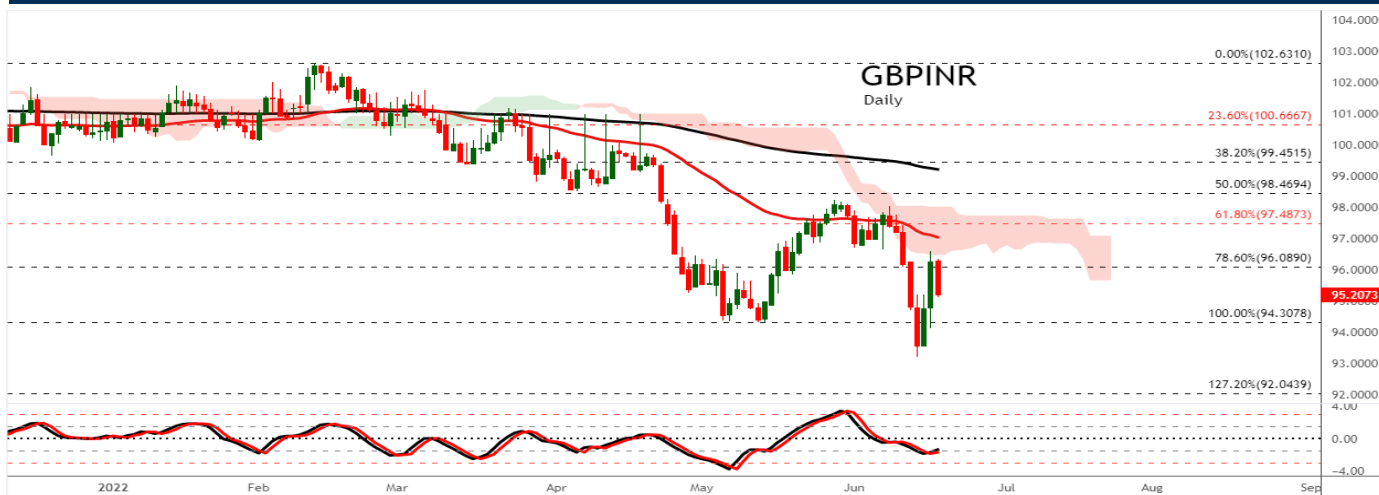
EURINR yesterday settled up by 0.37% at 82.5175 after ECB President Lagarde reaffirmed plans to hike rates twice this summer following last week's measures to mitigate a market rout that has reignited concerns about a new debt crisis in the bloc's southern periphery. The euro zone recorded another current account deficit in April as surging oil and gas prices due to Russia's war in Ukraine have created an exceptional drag on trade, European Central Bank data showed. The bloc of 19 countries sharing the euro recorded a current account deficit of 5.8 billion euros, above a 1.6 billion deficit a month earlier and compared to 31.1 billion surplus a year earlier, according to adjusted figures. In the 12 months to April, the current account surplus narrowed to 1.5% of the bloc's GDP from 2.7% in the preceding 12 months. Record high euro zone inflation risked fuelling "inflation psychology," European Central Bank chief economist Philip Lane said, referring to a phenomenon when consumers and businesses adjust their habits in anticipation of higher prices. Once inflation psychology sets in, consumers bring forward their spending to beat the rise in prices while businesses start lifting their own prices, expecting higher costs, with both behaviours perpetuating inflation. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the Euro at 82.1289 Technically market is under short covering as market has witnessed drop in open interest by -5.67% to settled at 84473 while prices up 0.305 rupees, now EURINR is getting support at 82.23 and below same could see a test of 81.95 levels, and resistance is now likely to be seen at 82.75, a move above could see prices testing 82.99.

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NSE-CUR GBPINR Jun 2022



	Open	High	Low	Close
	95.80	96.26	95.69	95.89
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	96.20	96.52	96.78	
	Support 1	Support 2	Support 3	
	95.63	95.37	95.06	
Net Change	% Change	Open Interest	Volume	
0.26	0.27	61851	259301	

Trading Ideas for the Day

- # GBPINR trading range for the day is 95.37-96.52.
- # GBP rose as hawkish comments from policymakers supported the currency.
- # 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
- # BoE's Pill says monetary policy shouldn't be used to stabilise sterling

Market Snapshot

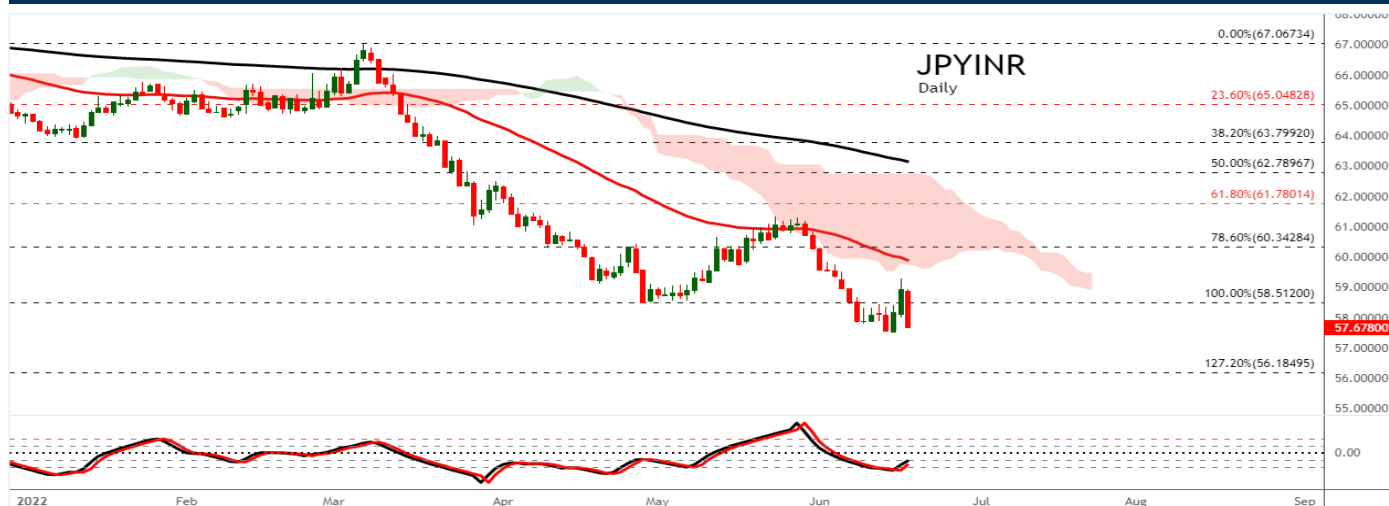
GBPINR yesterday settled up by 0.27% at 95.8875 as hawkish comments from policymakers supported the currency. The BoE's new message that it may have to act "forcefully" on interest rates is not unconditional and depends on the persistence of inflation pressures, the central bank's chief economist said. The Bank of England's monetary policy must focus on its main goal of controlling inflation, rather than trying to stabilise the exchange rate or economic activity, its chief economist Huw Pill said. A day earlier, BoE Monetary Policy Committee member Catherine Mann suggested that larger interest rate rises in the short term could help counter recent, inflationary sterling weakness, and then be reversed if the economy faltered. "Monetary policy is not a panacea. Monetary policy is not an instrument that allows you to achieve lots and lots of different things at short term: stabilise the exchange rate, fine-tune developments in employment or activity," he added. 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. 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. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the British Pound was fixed at 95.6784 Technically market is under short covering as market has witnessed drop in open interest by -6.46% to settled at 61851 while prices up 0.255 rupees, now GBPINR is getting support at 95.63 and below same could see a test of 95.37 levels, and resistance is now likely to be seen at 96.2, a move above could see prices testing 96.52.

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NSE-CUR JPYINR Jun 2022



	Open	High	Low	Close
	57.88	57.93	57.54	57.58
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	57.83	58.08	58.22	
	Support 1	Support 2	Support 3	
	57.44	57.30	57.05	
Net Change	% Change	Open Interest	Volume	
	-0.32	-0.56	98074	71622

Trading Ideas for the Day

- # JPYINR trading range for the day is 57.3-58.08.
- # JPY dropped after the Bank of Japan renewed its commitment to ultra-easy policy and bucked the trend among global peers to rapidly raise interest rates.
- # Japan finmin says to respond to FX moves appropriately if necessary
- # 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 -0.56% at 57.5825 after the Bank of Japan renewed its commitment to ultra-easy policy and bucked the trend among global peers to rapidly raise interest rates. 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. Japanese Finance Minister Shunichi Suzuki said that he was concerned about recent sharp yen weakening and would appropriately respond to the exchange market moves if necessary. Suzuki also told reporters that the government would compile urgent and comprehensive measures to help economy cope with persistent price hikes although details such as the timing and financing sources have not yet been decided. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the Japanese Yen at 57.8. Technically market is under fresh selling as market has witnessed gain in open interest by 7.76% to settled at 98074 while prices down -0.3225 rupees, now JPYINR is getting support at 57.44 and below same could see a test of 57.3 levels, and resistance is now likely to be seen at 57.83, a move above could see prices testing 58.08.

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NEWS YOU CAN USE

The European Central Bank should not target specific levels of borrowing costs for euro zone governments but simply ensure its interest rates are passed on to all 19 countries that use the euro, ECB policymaker Martins Kazaks told. In the interview, the Latvian central bank governor also backed raising the ECB's interest rates by 75 basis points this summer but said investors shouldn't "get carried away" with their bets on further hikes after that. Financing costs have surged since the ECB said earlier this month it would raise rates twice this summer and stop adding to the stash of bonds it has bought as part of schemes over seven years to help stimulate economic activity. Kazaks said it wasn't for the central bank to determine how much a country paid to borrow or to fix its structural problems. "At the ECB we do not target specific spread levels," Kazaks told. "But we try to ensure proper transmission." The ECB said last week it would counter "fragmentation" between euro zone countries with the new tool, which is likely to include fresh bond purchases.

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.

Indian central bank's transition to a tighter monetary policy from an ultra-loose phase will be smooth and there won't be any disruptions, Governor Shaktikanta Das said on Friday. "We are targeting a soft landing," Das said, adding that the Reserve Bank of India is in sync with the requirements of the Indian economy. The process of coming out of easy liquidity system takes long time due to factors partly beyond the RBI's control, Das said. India's central bank raised rates by 90 basis points this year to tame prices that have run above its 6% tolerance limit since the beginning of the year. Consumer prices rose to 7.04% in May, while wholesale prices gained 15.88% the same month, staying at the highest level in more than three decades. The tolerance of a higher inflation during the pandemic was a necessity, Das said, otherwise, the damage to the economy and financial markets would have been enormous and it would have taken years for India to come back.

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