

CURRENCY REPORT

KEDIA ADVISORY

Wednesday, July 14, 2021

Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Jul 2021	74.70	74.70	74.54	74.61	↓ -0.18	1648695	-6.00	1647664	74.59
EUR-INR	Jul 2021	88.64	88.65	88.36	88.41	↓ -0.22	100673	21.59	146199	88.47
GBP-INR	Jul 2021	103.50	103.76	103.26	103.30	↓ -0.24	111086	-7.49	255984	103.50
JPY-INR	Jul 2021	67.67	67.70	67.52	67.68	↓ -0.22	17379	-14.89	46075	67.61

Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.1779	1.1783	1.1770	1.1781	→ 0.01
EURGBP	0.8526	0.8531	0.8521	0.8524	↓ -0.02
EURJPY	130.27	130.36	130.10	130.18	↓ -0.08
GBPJPY	152.77	152.87	152.59	152.70	↓ -0.05
GBPUSD	1.3812	1.3821	1.3799	1.3818	↑ 0.03
USDJPY	110.61	110.70	110.43	110.50	↓ -0.09

Economical Data

TIME	ZONE	DATA
12:00am	USD	FOMC Member Bostic Speaks
All Day	EUR	French Bank Holiday
2:30pm	EUR	Industrial Production m/m
Tentative	EUR	German 10-y Bond Auction
6:00pm	USD	PPI m/m
6:00pm	USD	Core PPI m/m
8:00pm	USD	Crude Oil Inventories
9:30pm	USD	Fed Chair Powell Testifies
11:30pm	USD	Beige Book

Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6542.8	↓ -0.25	Gold\$	1811.2	↑ 0.21
DAX	15773.2	↓ -0.11	Silver\$	26.0	↑ 0.18
DJIA	34996.2	↑ 0.36	Crude\$	75.3	↑ 1.55
FTSE 100	7586.8	↓ -0.78	Copper \$	9360.0	↓ -0.44
HANG SENG	27777.8	↓ -1.31	Aluminium \$	2516.0	↓ -0.87
KOSPI	2029.5	↓ -0.23	Nickel\$	18530.0	↓ -1.04
NASDAQ	14733.2	↑ 0.21	Lead\$	2296.5	↓ -0.52
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2911.0	↓ -0.89

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	13/07/2021	5,215.72	5,101.89	113.83

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

Category	Date	Buy Value	Sell Value	Net Value
DII	13/07/2021	5,589.72	5,245.53	344.19

Spread

Currency	Spread
NSE-CUR USDINR JUL-AUG	0.26
NSE-CUR EURINR JUL-AUG	0.36
NSE-CUR GBPINR JUL-AUG	0.36
NSE-CUR JPYINR JUL-AUG	0.25

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NSE-CUR USDINR Jul 2021



	Open	High	Low	Close
	74.70	74.70	74.54	74.61
Support and Resistance for the Day		Resit 1	Resit 2	Resit 3
		74.70	74.79	74.87
		Support 1	Support 2	Support 3
	74.53	74.45	74.36	
Net Change	% Change	Open Interest	Volume	
-0.14	-0.18	1648695	1647664	

Trading Ideas for the Day

- # USDINR trading range for the day is 74.45-74.79.
- # USDINR dropped as India's lower-than-expected rise in June inflation eased concerns over policy tightening by the central bank.
- # Retail inflation in the country rose less than expected in June at 6.26%,
- # Fed's meeting minutes showed that substantial further progress on the economic recovery was generally seen as not having yet been met

Market Snapshot

USDINR yesterday settled down by -0.18% at 74.61 as India's lower-than-expected rise in June inflation eased concerns over policy tightening by the central bank. Retail inflation in the country rose less than expected in June at 6.26%, strengthening the view that the central bank could keep policy rates at current levels to support an economy hit hard by the COVID-19 pandemic. There were signs that India's second wave of coronavirus infections is slowing and hopes of a solid economic recovery as more states eased pandemic restrictions provided some support. On the monetary policy front, the central bank expanded in June its version of quantitative easing to support economic growth and lowered its FY22 GDP forecast to 9.5%. Further risk appetite recovered, and Treasury yields bounced back as traders refocused on the global economic recovery even though concerns about the slowing down in the face of fast-spreading Covid variants remain. Fed's meeting minutes showed that substantial further progress on the economic recovery was generally seen as not having yet been met, though progress was expected to continue. India's central bank wants to anchor inflation expectations as it focuses on reviving economic growth, governor Shaktikanta Das told, and urged the government to look at lowering fuel taxes to ease price pressures. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 74.4884 Technically market is under long liquidation as market has witnessed drop in open interest by -6% to settled at 1648695 while prices down -0.1375 rupees, now USDINR is getting support at 74.53 and below same could see a test of 74.45 levels, and resistance is now likely to be seen at 74.7, a move above could see prices testing 74.79.

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NSE-CUR EURINR Jul 2021



	Open	High	Low	Close
	88.64	88.65	88.36	88.41
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	88.58	88.75	88.86	
	Support 1	Support 2	Support 3	
	88.30	88.19	88.02	
Net Change	% Change	Open Interest	Volume	
-0.20	-0.22	100673	146199	

Trading Ideas for the Day

- # EURINR trading range for the day is 88.19-88.75.
- # Euro dropped as investor focus turned to the European Central Bank's strategy review.
- # ECB to chart new policy path next week
- # Germany's wholesale prices increased at the fastest pace since 1981, data from Destatis revealed.

Market Snapshot

EURINR yesterday settled down by -0.22% at 88.4075 as investor focus turned to the European Central Bank's strategy review. The European Central Bank will chart a new policy path at its next meeting to reflect its change of strategy and show it is serious about reviving inflation, ECB policymakers said. Announced last week, the ECB's new strategy allows it to tolerate inflation higher than its 2% goal when rates are near rock bottom, such as now. This is meant to reassure investors that policy will not be tightened prematurely and cement their expectations about price growth, which has lagged below the ECB's target for most of the past decade. ECB President Christine Lagarde, her deputy Luis de Guindos, and Portugal's central bank governor Mario Centeno said the new strategy will be incorporated into the central bank's policy guidance at the July 22 meeting. Germany's wholesale prices increased at the fastest pace since 1981, data from Destatis revealed. Wholesale prices grew 10.7 percent year-on-year in June, following May's 9.7 percent increase. The high rates partly reflect the low base effect as prices were low in the same period of previous year in connection with the coronavirus crisis. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 88.3522 Technically market is under fresh selling as market has witnessed gain in open interest by 21.59% to settled at 100673 while prices down -0.1975 rupees, now EURINR is getting support at 88.3 and below same could see a test of 88.19 levels, and resistance is now likely to be seen at 88.58, a move above could see prices testing 88.75.

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NSE-CUR GBPINR Jul 2021



	Open	High	Low	Close
	103.50	103.76	103.26	103.30
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	103.62	103.94	104.12	
	Support 1	Support 2	Support 3	
	103.12	102.94	102.62	
Net Change	% Change	Open Interest	Volume	
-0.25	-0.24	111086	255984	

Trading Ideas for the Day

- # GBPINR trading range for the day is 102.94-103.94.
- # GBP eased amid nerves about England abandoning COVID-19 restrictions next week even as cases keep on climbing.
- # BoE's Bailey says UK needs to maintain financial standards
- # The UK economy is set to grow at a slower pace in the third quarter, the think tank NIESR said.

Market Snapshot

GBPINR yesterday settled down by -0.24% at 103.3025 amid nerves about England abandoning COVID-19 restrictions next week even as cases keep on climbing. The UK economy is set to grow at a slower pace in the third quarter, the think tank NIESR said. "With catch-up potential still evident in hospitality, transport, business support and the arts, we forecast growth of 1.9 per cent in the third quarter, still notably above historical trend growth rates," the NIESR said in its latest monthly GDP tracker report. The institute had predicted 4.8 percent growth for the second quarter and 0.9 percent for June. Bank of England Governor Andrew Bailey said that Britain needed to uphold regulatory standards that are at least as high as at present and above international minimums, while it tries to attract foreign business after Brexit. "The UK's reputation for strong standards, independent regulation and financial stability has been and will remain a crucial component of its attractiveness to internationally active financial institutions," Bailey wrote in a letter to finance minister Rishi Sunak. Bailey said he expected future relationships with other jurisdictions would be characterised by what he called "safe openness", in his response to an annual letter from Sunak setting out the BoE's regulatory duties. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 103.4093 Technically market is under long liquidation as market has witnessed drop in open interest by -7.49% to settled at 111086 while prices down -0.245 rupees, now GBPINR is getting support at 103.12 and below same could see a test of 102.94 levels, and resistance is now likely to be seen at 103.62, a move above could see prices testing 103.94.

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NSE-CUR JPYINR Jul 2021



	Open	High	Low	Close
	67.67	67.70	67.52	67.68
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	67.74	67.80	67.91	
	Support 1	Support 2	Support 3	
	67.57	67.46	67.40	
Net Change	% Change	Open Interest	Volume	
	-0.15	-0.22	17379	46075

Trading Ideas for the Day

- # JPYINR trading range for the day is 67.46-67.8.
- # JPY dropped as sentiment weakened after Prime Minister Suga's government put Tokyo under its fourth COVID-19 state of emergency.
- # Japan's core machinery orders rose for the third straight month in May
- # Japanese wholesale prices continued to surge in June as import costs spiked at the fastest pace on record, data showed

Market Snapshot

JPYINR yesterday settled down by -0.22% at 67.68 as sentiment weakened after Prime Minister Yoshihide Suga's government put Tokyo under its fourth COVID-19 state of emergency as cases continue to accelerate. Japanese wholesale prices continued to surge in June as import costs spiked at the fastest pace on record, data showed, a sign rising raw material costs were weighing on corporate profits. Households may also start to feel the pinch as recent increases in oil costs are likely to push up consumer inflation in coming months, though the rebound will be more modest in Japan than in other advanced nations due to weak demand. Japan's core machinery orders rose for the third straight month in May, a welcome sign for an economy struggling to overcome the hit from the coronavirus pandemic. The government imposed a new state of emergency in Tokyo that will run through to Aug. 22 in an attempt to control the health crisis, clouding the outlook for the economy even as activity in many other countries rebounds. The jump in core orders indicates a modest revival in corporate spending, seen by policymakers as necessary to accelerate Japan's tepid recovery. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 67.49 Technically market is under long liquidation as market has witnessed drop in open interest by -14.89% to settled at 17379 while prices down -0.1525 rupees, now JPYINR is getting support at 67.57 and below same could see a test of 67.46 levels, and resistance is now likely to be seen at 67.74, a move above could see prices testing 67.8.

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NEWS YOU CAN USE

The European Central Bank will chart a new policy path at its next meeting to reflect its change of strategy and show it is serious about reviving inflation, ECB policymakers said. Announced last week, the ECB's new strategy allows it to tolerate inflation higher than its 2% goal when rates are near rock bottom, such as now. This is meant to reassure investors that policy will not be tightened prematurely and cement their expectations about price growth, which has lagged below the ECB's # target for most of the past decade. ECB President Christine Lagarde, her deputy Luis de Guindos, and Portugal's central bank governor Mario Centeno said on Monday the new strategy will be incorporated into the central bank's policy guidance at the July 22 meeting. "Given the persistence that we need to demonstrate to deliver on our commitment, forward guidance will certainly be revisited," Lagarde told. Lagarde did not elaborate on how that message might change, simply saying the aim will be to maintain "favourable financing conditions".

China's exports grew at a much faster than expected pace in June as virus outbreaks and port delays were eclipsed by solid global demand thanks to easing lockdown measures and vaccination drives worldwide. Imports growth also beat expectations, though the pace eased from May, with the values boosted by high raw material prices, customs data showed. Thanks to Beijing's efforts in largely containing the pandemic earlier than its trading partners, the world's biggest exporter has managed # a solid economic revival from the coronavirus-induced slump in the first few months of 2019. China's trade performance has seen some pressure in recent months, mainly led by a global semiconductor shortage, logistics bottlenecks, higher raw material and freight costs. All the same, the global easings in COVID-19 lockdown measures and vaccination drives appeared to underpin a strong uptick in worldwide demand for Chinese goods. Exports in dollar terms rose 32.2% in June from a year earlier, compared with a 27.9% gain in May.

The European Central Bank will change its guidance on the next policy steps at its next meeting to reflect its new strategy and show it is serious about reviving inflation, ECB President Christine Lagarde said. Announced last week, the ECB's new strategy allows it to tolerate inflation higher than its 2% goal when rates are near rock bottom, such as now. This is meant to reassure investors that policy won't be tightened prematurely and boost their expectations about future price growth, # which has lagged below the ECB's target for most of the past decade. "Given the persistence that we need to demonstrate to deliver on our commitment, forward guidance will certainly be revisited," Lagarde told. The ECB's current guidance says it will buy bonds for as long as necessary and keep interest rates at their current, record-low levels until it has seen the inflation outlook "robustly converge" to its goal. Lagarde did not elaborate on how that message might change, simply saying the ECB's aim will be to keep credit easy.

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