



# CURRENCY REPORT

- Daily



# CURRENCY REPORT

KEDIA ADVISORY

Wednesday, August 17, 2022

## Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	Aug 2022	79.76	79.85	79.69	79.82	↑ 0.09	3378951	-2.61	2162229	79.76
EUR-INR	Aug 2022	82.27	82.38	82.10	82.14	↓ -0.31	142593	-1.81	227393	82.22
GBP-INR	Aug 2022	97.10	97.39	96.69	96.84	↓ -0.43	86499	-30.31	318648	97.05
JPY-INR	Aug 2022	60.00	60.00	59.69	59.75	↓ -0.63	45797	-26.82	103071	59.82

## Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.0168	1.0180	1.0164	1.0174	↑ 0.06
EURGBP	0.8405	0.8411	0.8396	0.8401	↓ -0.06
EURJPY	136.47	136.72	136.23	136.42	↓ -0.04
GBPJPY	162.32	162.66	162.15	162.37	↑ 0.09
GBPUSD	1.2092	1.2116	1.2087	1.2109	↑ 0.12
USDJPY	134.21	134.43	133.87	134.09	↓ -0.09

## Economical Data

TIME	ZONE	DATA
2:30pm	EUR	Flash Employment Change q/q
2:30pm	EUR	Flash GDP q/q
6:00pm	USD	Core Retail Sales m/m
6:00pm	USD	Retail Sales m/m
7:00pm	USD	FOMC Member Bowman Speaks
7:30pm	USD	Business Inventories m/m
8:00pm	USD	Crude Oil Inventories
11:30pm	USD	FOMC Meeting Minutes
11:50pm	USD	FOMC Member Bowman Speaks

## Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6585.4	↑	Gold\$	1776.8	↑ 0.11
DAX	13856.7	↑	Silver\$	20.1	↓ -0.32
DJIA	34002.5	↑	Crude\$	85.9	↓ -3.22
FTSE 100	3435.7	↑	Copper \$	8002.5	↓ -0.04
HANG SENG	19817.4	↓	Aluminium \$	2421.0	↑ 1.02
KOSPI	2029.5	↓	Nickel\$	22600.0	→ 0.00
NASDAQ	13045.6	↓	Lead\$	2158.5	↑ 0.19
NIKKEI 225	28868.9	↓	Zinc\$	3640.0	↓ -0.15

## 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	16/08/2022	19,799.10	18,422.26	1,376.84

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

Category	Date	Buy Value	Sell Value	Net Value
DII	16/08/2022	5,260.39	5,396.63	-136.24

## Spread

Currency	Spread
NSE-CUR USDINR Aug-Sep	0.21
NSE-CUR EURINR Aug-Sep	0.36
NSE-CUR GBPINR Aug-Sep	0.32
NSE-CUR JPYINR Aug-Sep	0.24

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## NSE-CUR USDINR Aug 2022



### Trading Ideas for the Day

- # USDINR trading range for the day is 79.62-79.94.
- # USDINR rose after Fed officials suggested the central bank would remain hawkish despite some relief on the inflation front.
- # Annual inflation rate in India edged lower to a five-month low of 6.71% in July of 2022 from 7.01% in June
- # Fed policymakers sought to temper any expectations of significantly looser policy

### Market Snapshot

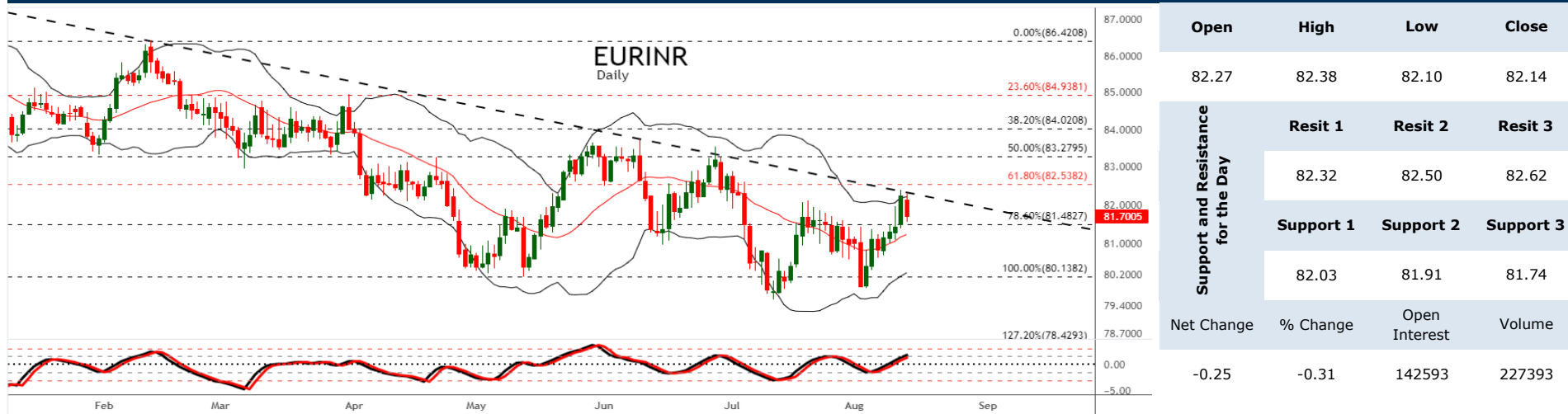
USDINR yesterday settled up by 0.09% at 79.815 getting support from recent comments by several U.S. Federal Reserve officials that suggested the central bank would remain hawkish despite some relief on the inflation front. Domestic inflation for July was lower than expected, decelerating for the fourth consecutive month amid slower increases for food and transportation. The reading drew closer to the Reserve Bank of India's target of 6%, slightly easing concerns that the bank will have to continue its hiking path for an extended period of time to curb inflation. The RBI is expected to ease the pace of rate hikes and raise interest rates by 35bps in September, compared to the 50bps hike in July. While inflation decelerated, a weak rupee and record-high trade deficit capped expectations of a dovish pivot. India's trade deficit was revised slightly down to USD 30 billion in July of 2022, compared to a preliminary estimate of USD 31.02 billion and a USD 10.97 billion a year earlier. It was the largest trade shortfall on record, as imports jumped 42.8% yoy to USD 66.27 billion while exports increased at a much softer 2.4% to USD 36.27 billion. Industrial production in India advanced by 12.3 percent year-on-year in June of 2022, following a 19.6 percent jump in the previous month and better than market expectations of a 10.7 percent growth. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the USD at 79.7011 Technically market is under short covering as market has witnessed drop in open interest by -2.61% to settled at 3378951 while prices up 0.075 rupees, now USDINR is getting support at 79.72 and below same could see a test of 79.62 levels, and resistance is now likely to be seen at 79.88, a move above could see prices testing 79.94.

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## NSE-CUR EURINR Aug 2022



## Trading Ideas for the Day

- # EURINR trading range for the day is 81.91-82.5.
- # Euro dropped as the output of industrial firms in the Eurozone decelerated in June
- # Germany current account surplus shrinks in June
- # Euro zone June industry output up 0.7% m/m

## Market Snapshot

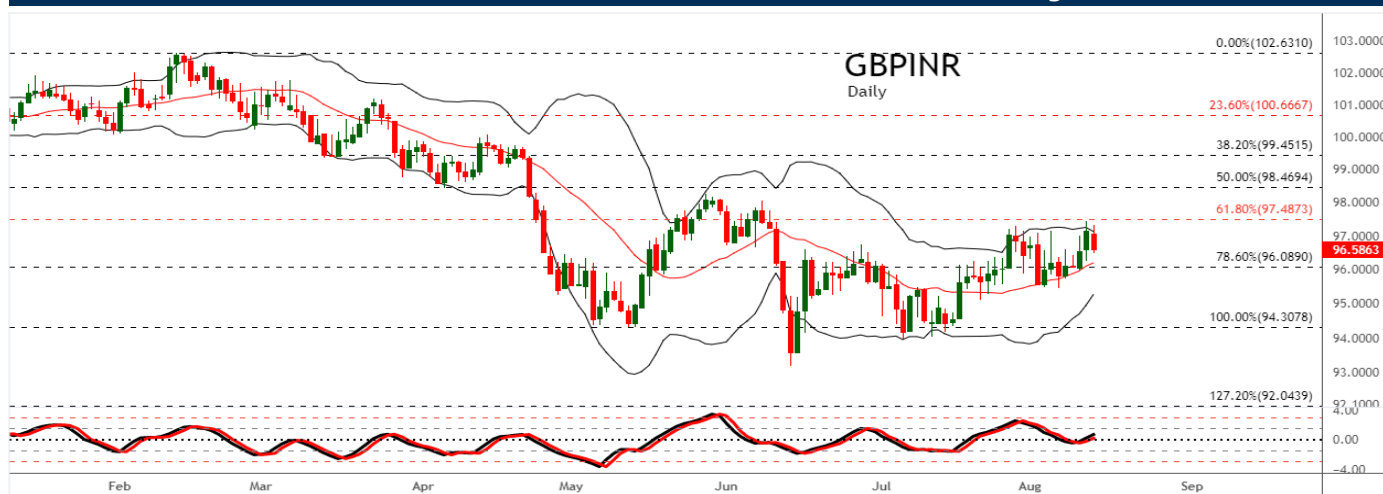
EURINR yesterday settled down by -0.31% at 82.14 as the output of industrial firms in the Eurozone decelerated in June, but still came in above estimates, as a slowdown in the production of non-durable consumer goods was partially offset by strength in the capital goods sector. Eurostat data showed monthly industrial production rose by 0.7% in the common currency area, down from the upwardly revised reading of 2.1% in May. Dollar recovered from its lowest level in over a month, as somewhat hawkish remarks from several Federal Reserve policymakers lent optimism to bulls. Bets on rate hikes from the ECB for the end of the year were also lowered. 105 bps of hikes are now expected in December versus 113 bps before. Despite the gains, the common currency holds close to parity as concerns of a looming economic crisis in Europe persist as inflation shows no signs of peaking and the energy crisis is far from over with high energy prices leading to a broad based rally in consumer and producer costs. Euro zone industrial production increased by 0.7% in June from the previous month, data from the European Union statistics agency Eurostat showed. Germany's current account surplus narrowed to EUR 16.2 billion in June of 2022 from EUR 25.1 billion in the corresponding month of the previous year. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the Euro at 82.2175 Technically market is under long liquidation as market has witnessed drop in open interest by -1.81% to settled at 142593 while prices down -0.2525 rupees, now EURINR is getting support at 82.03 and below same could see a test of 81.91 levels, and resistance is now likely to be seen at 82.32, a move above could see prices testing 82.5.

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## NSE-CUR GBPINR Aug 2022



	Open	High	Low	Close
	97.10	97.39	96.69	96.84
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	97.26	97.68	97.97	
	Support 1	Support 2	Support 3	
	96.55	96.26	95.84	
Net Change	% Change	Open Interest	Volume	
	-0.42	-0.43	86499	318648

## Trading Ideas for the Day

- # GBPINR trading range for the day is 96.26-97.68.
- # GBP dropped as traders digest the latest GDP figures which showed the UK economy shrank 0.1% in Q2 and 0.6% in June only.
- # Manufacturing output in the UK decreased by 1.6 percent month-over-month in June 2022
- # Britain's economy contracted by 0.6% in monthly terms during June

## Market Snapshot

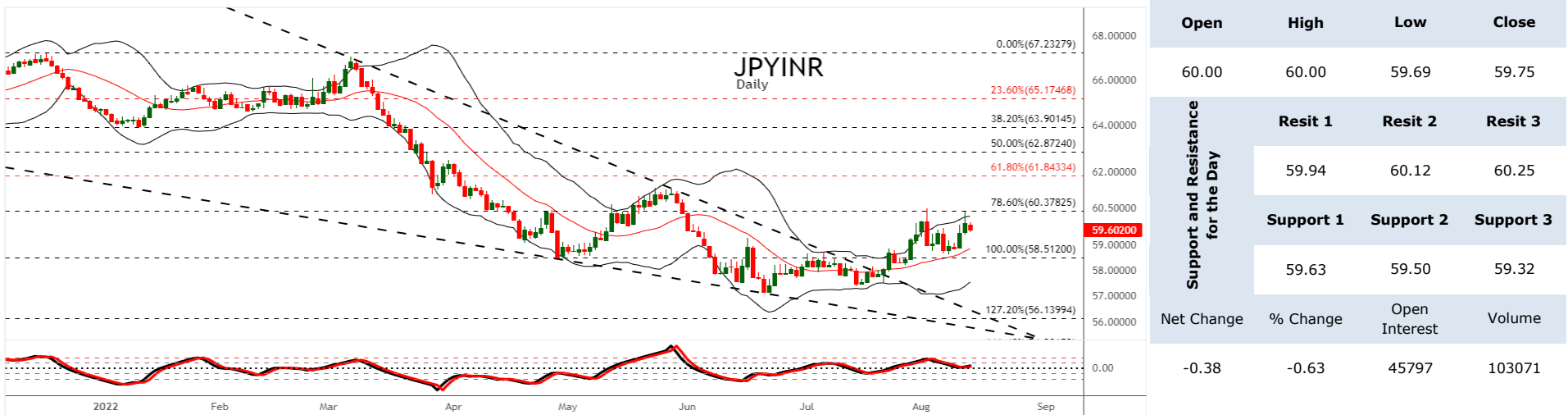
GBPINR yesterday settled down by -0.43% at 96.84 as traders digest the latest GDP figures which showed the UK economy shrank 0.1% in Q2 and 0.6% in June only. The Bank of England painted a grim economic outlook and projected the UK's longest recession since the global financial crisis while raising interest rates by 50bps, its largest hike since 1995. Britain's economy contracted by 0.6% in monthly terms during June, in part reflecting an extra bank holiday for Queen Elizabeth's platinum jubilee celebrations, official data showed. The ONS said services fell by 0.5% in June 2022, which was the main driver of the fall in GDP. Manufacturing output in the UK decreased by 1.6 percent month-over-month in June 2022, compared with market estimates of a 1.8 percent fall and swinging from an upwardly revised 1.7 percent rise a month earlier. Industrial production in the UK dropped by 0.9% from a month earlier in June of 2022, reversing from an upwardly revised 1.3% gain in the prior month and compared to market forecasts of a 1.3% fall. Industrial production in the UK rose by 0.9% from a month earlier in May of 2022, following a downwardly revised 0.1% decrease in the prior month and better than market forecasts of a flat reading. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the British Pound was fixed at 97.2837. Technically market is under long liquidation as market has witnessed drop in open interest by -30.31% to settled at 86499 while prices down -0.415 rupees, now GBPINR is getting support at 96.55 and below same could see a test of 96.26 levels, and resistance is now likely to be seen at 97.26, a move above could see prices testing 97.68.

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## NSE-CUR JPYINR Aug 2022



## Trading Ideas for the Day

- # JPYINR trading range for the day is 59.5-60.12.
- # JPY dropped as the dollar edged higher after hawkish comments from U.S. Fed officials pushed against U.S. inflation data.
- # Several Bank of Japan officials said recently that the central bank needed an exit strategy from its massive stimulus
- # Japanese Finance Minister flagged sharp fluctuations in the yen and said he would carefully watch currency moves and their impact on the economy

## Market Snapshot

JPYINR yesterday settled down by -0.63% at 59.75 as the dollar edged higher after hawkish comments from U.S. Federal Reserve officials pushed against U.S. inflation data could prompt the central bank to slow down policy tightening. The U.S. inflation data was lower than expected, boosting riskier assets such as equities and weakening the dollar, as markets interpreted it as an indication the Fed could be less aggressive in rate hikes. But Fed officials made clear they would continue to tighten monetary policy. San Francisco Federal Reserve Bank President Mary Daly said she was open to the possibility of another 75 basis point (bp) hike in September to fight too-high inflation. Several Bank of Japan officials said recently that the central bank needed an exit strategy from its massive stimulus, while maintaining that easy monetary settings were needed for the time being as wages must catch up to boost consumption and help Japan's economic recovery. Meanwhile, Japanese Finance Minister Shunichi Suzuki flagged sharp fluctuations in the yen and said he would carefully watch currency moves and their impact on the economy while coordinating with the BOJ. Markets are currently pricing in a 57.5% chance of a 50 basis point interest rate rise at the Fed's next meeting, according to the CME's Fedwatch tool, though another 75 basis point increase remains possible. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the Japanese Yen at 59.8 Technically market is under long liquidation as market has witnessed drop in open interest by -26.82% to settled at 45797 while prices down -0.38 rupees, now JPYINR is getting support at 59.63 and below same could see a test of 59.5 levels, and resistance is now likely to be seen at 59.94, a move above could see prices testing 60.12.

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## NEWS YOU CAN USE

China's central bank cut key lending rates in a surprise move to revive demand as data showed the economy unexpectedly slowing in July, with factory and retail activity squeezed by Beijing's zero-Covid policy and a property crisis. The grim set of figures indicate the world's second largest economy is struggling to shake off the June quarter's hit to growth from strict Covid restrictions, prompting some economists to downgrade their projections. Industrial output grew 3.8% in July from a year earlier, according to the National Bureau of Statistics (NBS), below the 3.9% expansion in June and a 4.6% increase expected. China's economy narrowly escaped a contraction in the June quarter, hobbled by the lockdown of the commercial hub of Shanghai, a deepening downturn in the property market and persistently soft consumer spending. Risks still abound as many Chinese cities, including manufacturing hubs and popular tourist spots, imposed lockdown measures in July after fresh outbreaks of the more transmissible Omicron variant of the coronavirus were found.

Consumer sentiment in the U.S. has improved by much more than expected in the month of August, according to preliminary data released by the University of Michigan. The report showed the consumer sentiment index jumped to 55.1 in August from 51.5 in July. With the bigger than expected increase, the consumer sentiment index continued to recover after hitting a record low 50.0 in June. The extended rebound by the headline index reflected a significant improvement in consumer expectations, with the index of consumer expectations surging to 54.9 in August from 47.3 in July. Meanwhile, the report showed a pullback by the current economic conditions index, which fell to 55.5 in August after climbing to 58.1 in July. The University of Michigan also said one-year inflation expectations dipped to 5.0 percent in August from 5.2 percent in July, while five-year inflation expectations crept up 3.0 percent from 2.9 percent.

India's headline retail inflation that eased for the third straight month in July is expected to remain above the central bank's upper tolerance range in the near term, necessitating more rate hikes in coming months. India's consumer inflation dipped to 6.71% in July, helped by a slower increase in food and fuel prices. The year-on-year figure, published on Aug. 12 by the National Statistics Office, was marginally lower than the 6.78% forecast, but it remained above the central bank's tolerance band for a seventh month in a row. The Reserve Bank of India aims to maintain inflation at 4.00% in the medium term, with a tolerance range of 200 basis points on either side. The MPC has raised key policy rate by 140 basis points to 5.40% since May as stubborn inflation continues to remain a major concern. The next policy decision of is due on Sep. 30 with most market participants expecting another hike.

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SEBI REGISTRATION NUMBER - INH000006156

