

Weekly Currency Insights

All That Happened

- The Indian Rupee had its best week since early February, bolstered by bank loan growth data and rising FX reserves
- The Bloomberg dollar index posted a weekly decline of 0.7%, its third such decline in four weeks
- Fed Governor Michelle Bowman said she expects inflation to remain elevated for “some time”
- Fed Vice Chair Jefferson said April’s inflation print was encouraging, but that it is too early to say if the disinflation trend will last
- Yields rose as gold, silver and copper prices jumped, with the Bloomberg Industrial Metals sub-index reaching 15-month highs
- The Bank of Japan kept debt purchases unchanged on Friday; speculative volumes on USD/JPY were muted
- EUR/USD rose for a fifth straight week, with ECB Board member Schnabel warning against risks of bank rate cuts in June and July
- ECB Governing Council member Kazaks said rate cuts in the Euro-area must match with the gradual downtick in inflation
- Money markets are expecting a quarter-point reduction by the ECB next week
- GBP/USD advanced in what was its largest weekly jump since March, with UK CPI due Wednesday
- BOE Deputy Governor Ben Broadbent said the bank will be able to cut interest rates “some time over the summer” if the second bout of inflation remains soft

Understanding The Insights



Weekly % Change: Bars represent weekly percentage change covering the last 26 weeks



Daily/Weekly Candles: Offers context from the last 20 daily and weekly candles



Daily/Weekly Momentum: Shows the current state of price momentum using the Stochastic Oscillator



Seasonal Analysis: Bars show the performance during the current week based on decade-long data



Leveraged Funds' Positioning*: Long and short positioning of leveraged funds based on data from the COT* report



Proximity to Key Averages: Shows how far current prices are from the 20-, 50-, 100- and 200-day simple moving averages



Pivot Levels: Classical pivot-based resistances and supports for the week



Notable Expirations: Displays the top 5 strikes based on volume set to expire in the coming week for the majors

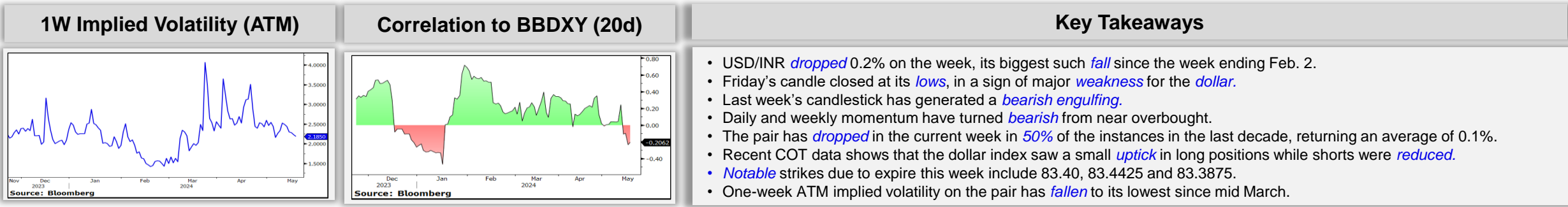
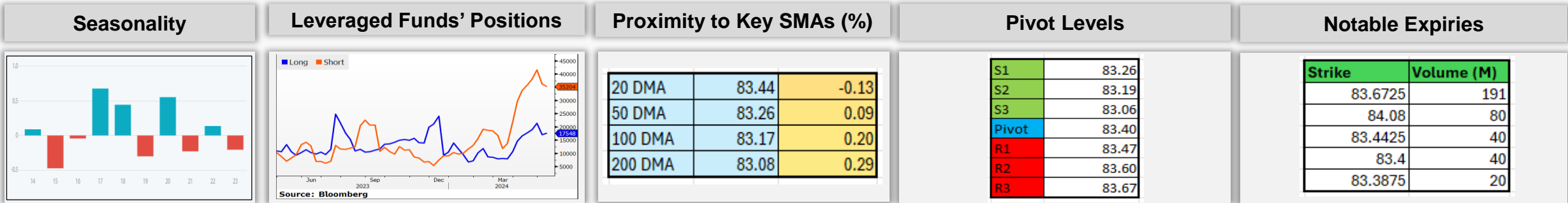
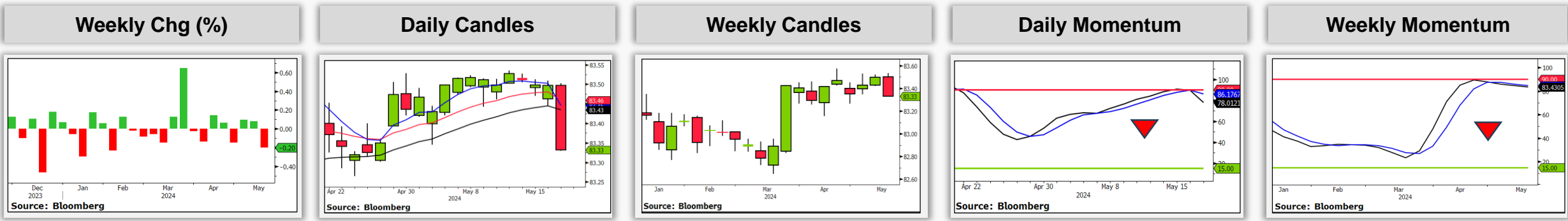


Implied Volatility: Shows the trend for one-week implied volatility for the majors

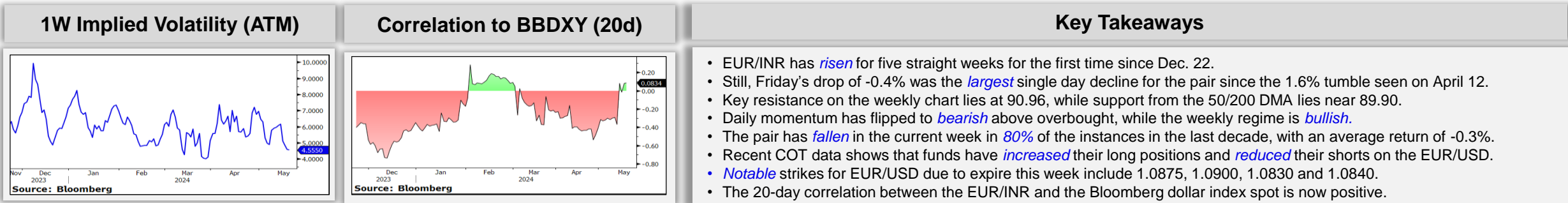
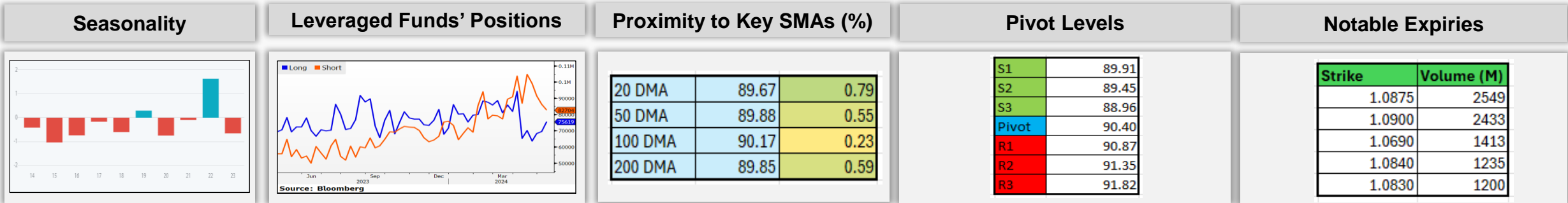
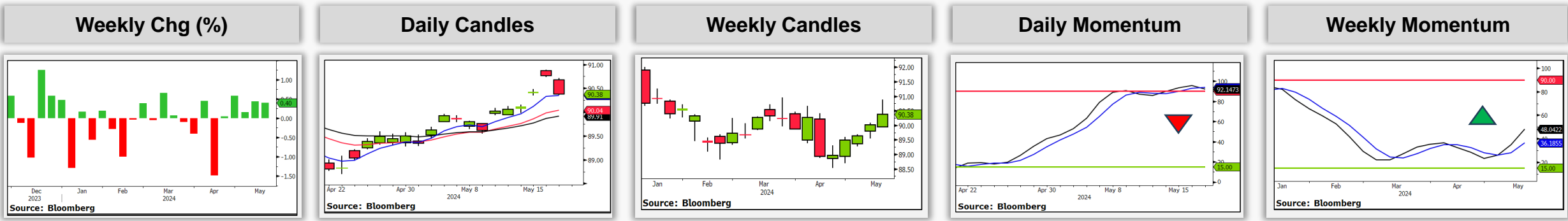


Correlation: Captures the 20-day rolling correlation of each INR pair to the Bloomberg Spot Dollar Index

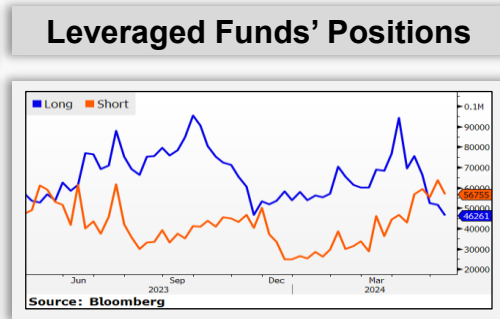
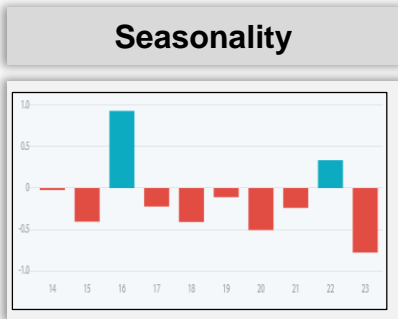
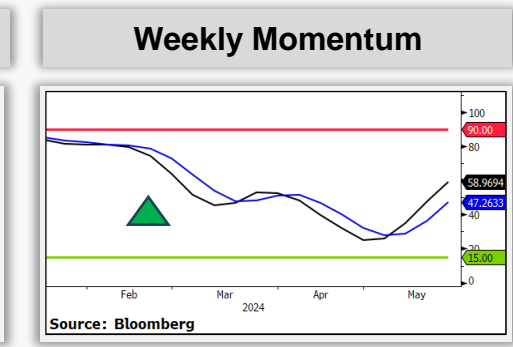
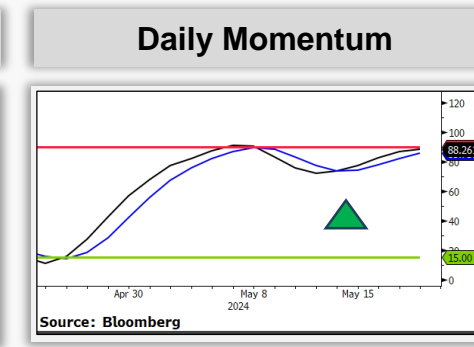
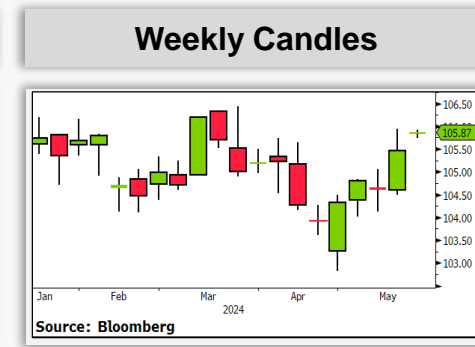
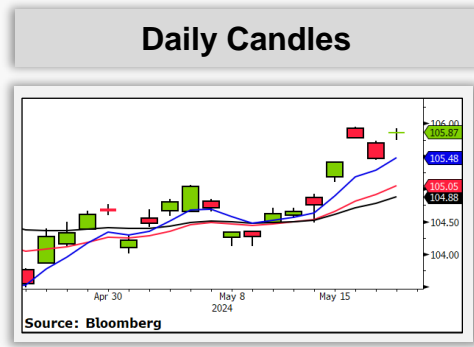
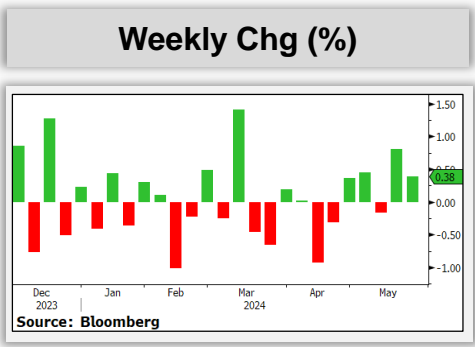
CMP and Weekly % Change		Previous Week's Range	Range for Current Week	Daily	Weekly	Monthly
83.33	(-0.2%)	83.33 – 83.54	83.03 – 83.60	▼ 83.36	▲ 83.12	▲ 79.44



CMP and Weekly % Change		Previous Week's Range		Range for Current Week		Daily	Weekly	Monthly
90.38	(0.4%)	89.94 – 90.89		89.80 – 91.32		▲ 89.71	▼ 90.60	▲ 85.40



CMP and Weekly % Change		Previous Week's Range		Range for Current Week		Daily	Weekly	Monthly
105.47	(0.8%)	104.48 – 105.95		104.90 – 106.74		▲ 104.38	▲ 104.78	▲ 96.51



Proximity to Key SMAs (%)

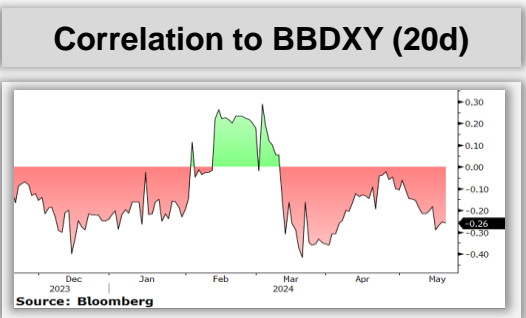
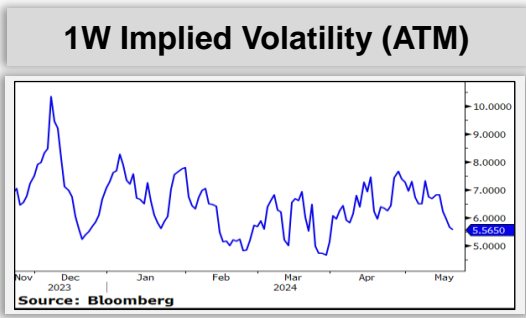
20 DMA	104.64	1.18
50 DMA	104.89	0.94
100 DMA	105.06	0.77
200 DMA	104.29	1.52

Pivot Levels

S1	104.92
S2	103.97
S3	103.46
Pivot	105.43
R1	106.38
R2	106.90
R3	107.85

Notable Expiries

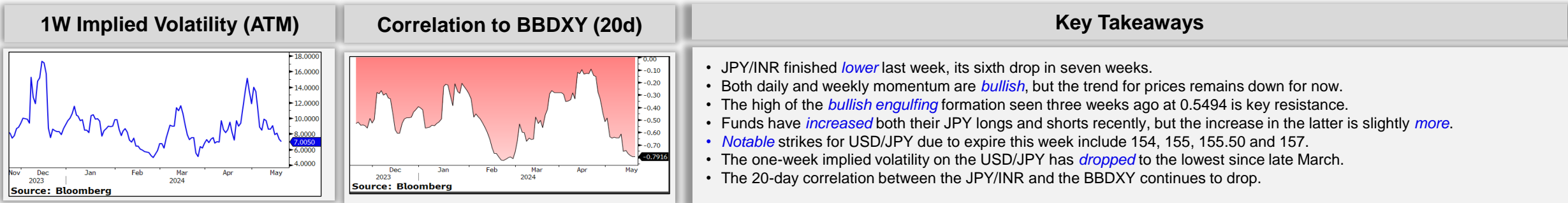
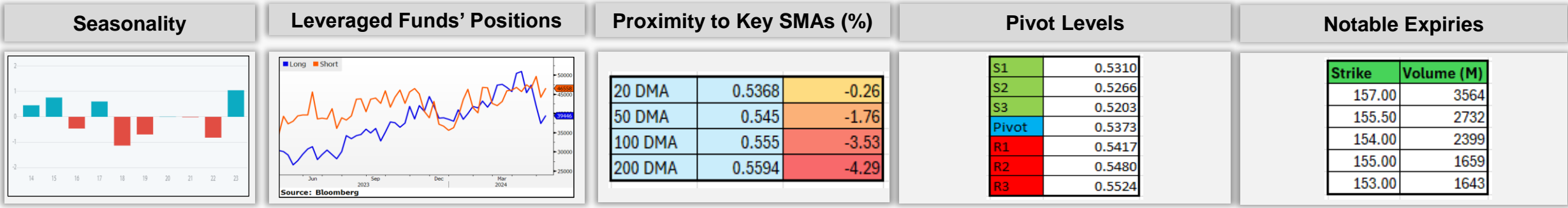
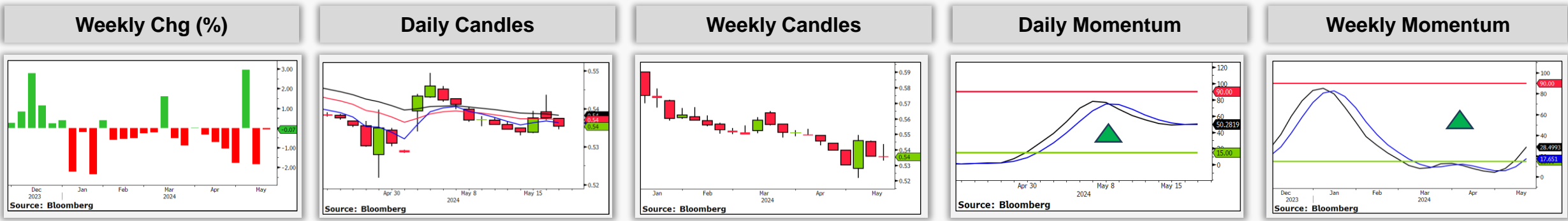
Strike	Volume (M)
1.2625	829
1.2440	610
1.2350	604
1.2360	520
1.2615	476



Key Takeaways

- GBP/INR finished *higher* last week, its fourth advance in five.
- Both daily and weekly momentum are *bullish*, with the former nearing overbought at 90.
- The pair has *fallen* in the current week in *80%* of instances in the last 10 years, with an average return of -0.1%.
- COT data shows that funds have *reduced* their GBP/USD longs at a *faster* clip than shorts.
- *Notable* strikes for GBP/USD due to expire this week include 1.2615 and 1.2625.
- The one-week implied volatility on the GBP/USD has *dropped* to the lowest since late March.
- The 20-day correlation between the GBP/INR and the Bloomberg dollar gauge continues to slide.

CMP and Weekly % Change		Previous Week's Range	Range for Current Week	Daily	Weekly	Monthly
0.5354	(-0.1%)	0.5329 – 0.5436	0.5282 – 0.5444	▼ 0.5356	▼ 0.5566	▼ 0.5811



Things To Know



The price levels mentioned inside the multi-time frame trend analysis box are those at which the trend will be negated



Momentum can remain very high or very low for a very long period in strongly trending markets



Trends on higher time-frames are stronger when compared to those on lower time frames



The strongest moves occur when at least two time-frames are aligned in the same direction



Pay close attention when historical seasonality patterns are in-sync with the prevailing trend direction



Simply being overbought is no indication to sell; similarly, simply being oversold is no indication to buy



The COT report comes every Friday at 3:30 PM (EST) and reflects positioning as of the prior Tuesday



When ATM Implied Volatility is rising (falling) it shows more (less) demand for ATM calls and puts



Strikes with notable expiries (large volumes) can lead to heightened volatility near them



Correlation rising (dropping) means the concerned securities are moving more (less) in sync

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