

INR Pairs (Trading Range for the Day – Dec Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	75.36 (0.06)	85.64 (0.55)	100.60 (-0.01)	66.75 (0.36)
Intraday View	Range bound	Range bound	Range bound	Range bound
Technical Range	75.00-75.45	85.05-85.50	100.00-100.45	66.15-66.60

Important Indicators		
	DXY	BRENT CRUDE
LTP	95.95	70.81
1W back	96.84	82.18
1M back	93.81	84.52



USDINR Futures (Dec)

Rupee continues to show resilience due to the following factors: (i) **COVID cases are low in India** and growth surging. Since March 2020, countries with these two positives have seen their currencies do well (ii) **Fed hawkishness is not yet impacting EM in a big way**. Chinese Yuan remains strong (iii) **Falling oil prices a big positive for India**, as long as it is not happening at a time, when money is fleeing all risky assets. India being a large consumer market, when oil prices rise, it is like a new tax on consumers. Hence it becomes negative for domestic consumption. It also hurts margins of non-oil corporates. Therefore, this trigger FPI outflow and fuels short Rupee trade (iv) **baseline assumption** of traders is that **OMICRON would not be an issue** and it would not lead to fresh lockdowns in India, Asia and US. **As a result, USDINR is unable to punch through the strong floor above 75.50 on spot, which has formed over the last 18 months.** However, things can change, we need to keep a watch. Major support is near 75.00 levels on December futures.

GBPINR Futures (Dec)

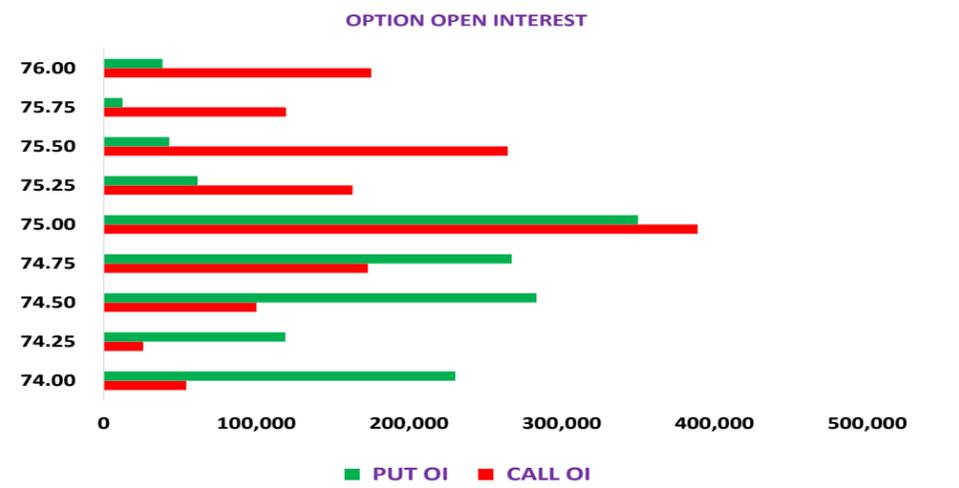
GBPINR is being adversely impacted by risk aversion and hawkish US Fed. Therefore, upside remains capped near 101 unless USDINR breakouts higher. For GBPINR to move higher, risk appetite has to return in global equity markets. Support is near 100 and 99.75 levels on Dec futures.

EURINR Futures (Dec)

EuroINR will be a play on two factors: (i) monetary policy divergence between US Fed and ECB (ii) risk on and risk off themes. This will ensure volatility to be high and therefore it is advisable to stick to intra-day positions, and not carry overnight trades. EURINR being a carry currency, it tends to benefit when there is risk aversion. However, monetary policy divergence is also theme to reckon especially with Fed on a path towards faster taper. Therefore, volatility will be high.

JPYINR Futures (Dec)

There two factors at play: risk on and risk off shifts and Fed turning more hawkish. Therefore, JPYINR will sway depending on which one of the two theme is dominant for the day. Therefore, it is advisable to stick to intra-day trades, rather than positional trades. Support is near 66.15 and 65.95 and resistance is near 66.60 & 66.90 levels on December futures.



	Spot	Futures	
		Weekly Expiry 03-Dec-21	Monthly Expiry 29-Dec-21
USDINR LTP / (Previous Day)	75.14 / (75.09)	75.18 / (75.11)	75.36 / (75.30)
ATM Vols (in %)	75.25	5.05%	4.65%
ATM Straddle Price		0.28	0.80

Historical Volatility	
5 days Rolling	3.26%
21 days Rolling	3.97%

What Options Open Interest (OI) Saying?

With USDINR getting rejected from a zone near 75.50 and possibility of a downdrift, IVs can fall. OI suggest that 75 will offer strong support to December futures due to large put options being written. At the same time, 75.50 will act as strong resistance due to large OI in 75.50 call options.

Disclaimer & Contact:

Reach us at: ks.currency-research@kotak.com Disclaimer: <https://bit.ly/longdisc>