INR Pairs (Trading Range for the Day – May Futures)

	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	76.62 (-0.06)	80.75 (-0.38)	96.23 (-0.21)	58.89 (-0.18)
Intraday View	Downward	Downward	Downward	Downward
Technical Range	76.40-76.85	80.50-81.00	96.00-96.45	58.70-59.15

Important Indicators

	DXY	BRENT CRUDE
LTP	103.31	106.11
1W back	101.62	102.46
1M back	98.90	107.88

USDINR Futures (May)

After weeks of a lull on the economic front, we have entered an eventful week with Indian PMI data for the month of April and from the world US and UK central bank policy meetings, followed by the US jobs report. Both these central bank meetings are going to see action. We will discuss BOE in the GBPINR section. US central bank has hiked rates by 25 bps towards 0.50%. Traders are betting on Fed to hike by another 225 bps over the 6 meetings in 2022. The expectation is that Fed will go hard and early to tame inflation expectations. This means the Fed hikes in chunks over the next 3/5 meetings and then takes a pause. If this were the case, then after a couple of hikes market may become used to the hikes and the impact on US Dollar may begin to fade. US Dollar has had a stellar run over this year and is definitely looking overbought. Yes, in currency markets, once a dominant theme emerges, currencies can run much longer than any contrarian can remain solvent. But it is also a fact that the same currency market is notorious for flipping its old theme on a dime and moving in the opposite direction. Hence, stay alert and stay nimble in your gamble.

USDINR is rangebound. LIC IPO and other forms of $ inflows will cap the upside. At the same time, a strong US Dollar and fragile risk sentiments will provide a floor. Therefore, we could be in for a range between 76.00 and 77.00. The question remains, can Fed add some twist to the rangebound play? If not, then option short remains the preferred bet in the pool.
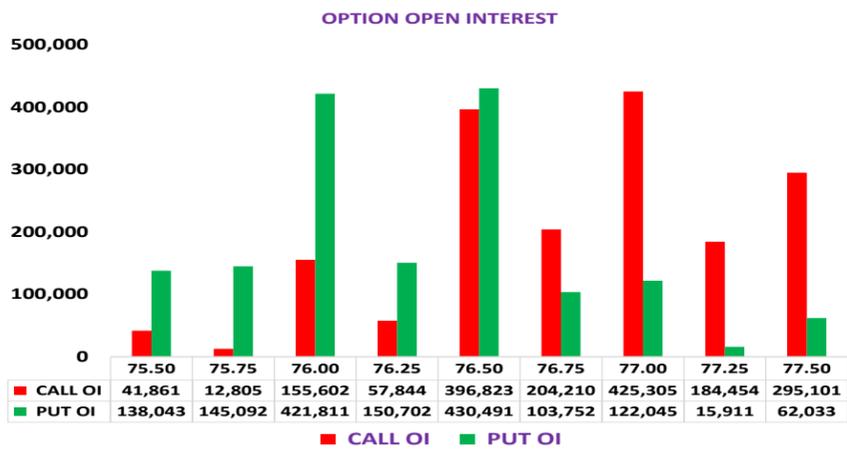
GBPINR Futures (May)

Ever since the last BOE meeting, where the central bank flagged the clear and present danger of a major slowdown in household consumption due to high inflation, GBP has been under pressure. GBPUSD has dropped by 6.5% since end-February. A cocktail of negatives: BOE concern, the impact of war on Europe, fragile risk sentiments, and lockdowns in China have hurt GBP. Coming Thursday, BOE meets. They are widely expected to hike rates from 0.75% to 1.00%. However, if they hike rates by 50-bps, then it can trigger a sharp short-covering rally in GBPUSD and GBPINR. Even though the consensus is now eyeing very few hikes from BOE going forward but there are some quarters of the market that expect BOE to surprise and hike by 225 bps between now and the end of the year, which is equivalent to what they expect from the US Fed. Therefore, the Thursday meeting is going to be interesting. Therefore, for this week, ensure that your risk management is proper on your trades. Otherwise, sharp countermoves can cause big losses.

EURINR Futures (May)

EURUSD and EURINR will be largely driven by US monetary policy announcements and US economic data like ISM and NFP reports. Bias continues to remain negative as the flows are still favouring the short Euro. However, we would be on the sidelines on Wednesday, when Fed takes the stage as we would like to see the back of the event risk.

JPYINR Futures (May)

With the US bond yields back on the upswing, USDJPY too will be in an uptrend as well. Bias continues to be upward in USDJPY. Over the medium term, USDJPY can even test 135/136 levels, which means JPYINR can slide even lower. However, post-Fed, there can be two-way volatility, and hence be careful with your positioning.

OPTION OPEN INTEREST

	75.50	75.75	76.00	76.25	76.50	76.75	77.00	77.25	77.50
CALL OI	41,861	12,805	155,602	57,844	396,823	204,210	425,305	184,454	295,101
PUT OI	138,043	145,092	421,811	150,702	430,491	103,752	122,045	15,911	62,033

	Spot	Futures	
		Weekly Expiry	Monthly Expiry
		06-May-22	27-May-22
USDINR LTP / (Previous Day)	76.47 / (76.42)	76.52 / (76.51)	76.67 / (76.68)
ATM Vols (in %)	76.50	6.91%	5.83%
ATM Straddle Price		0.43	0.95

Historical Volatility	
5 days Rolling	5.90%
21 days Rolling	5.91%

What Options Open Interest (OI) Saying?

Option sellers are betting on a rangebound play. Weekly IV to fall post US FOMC.