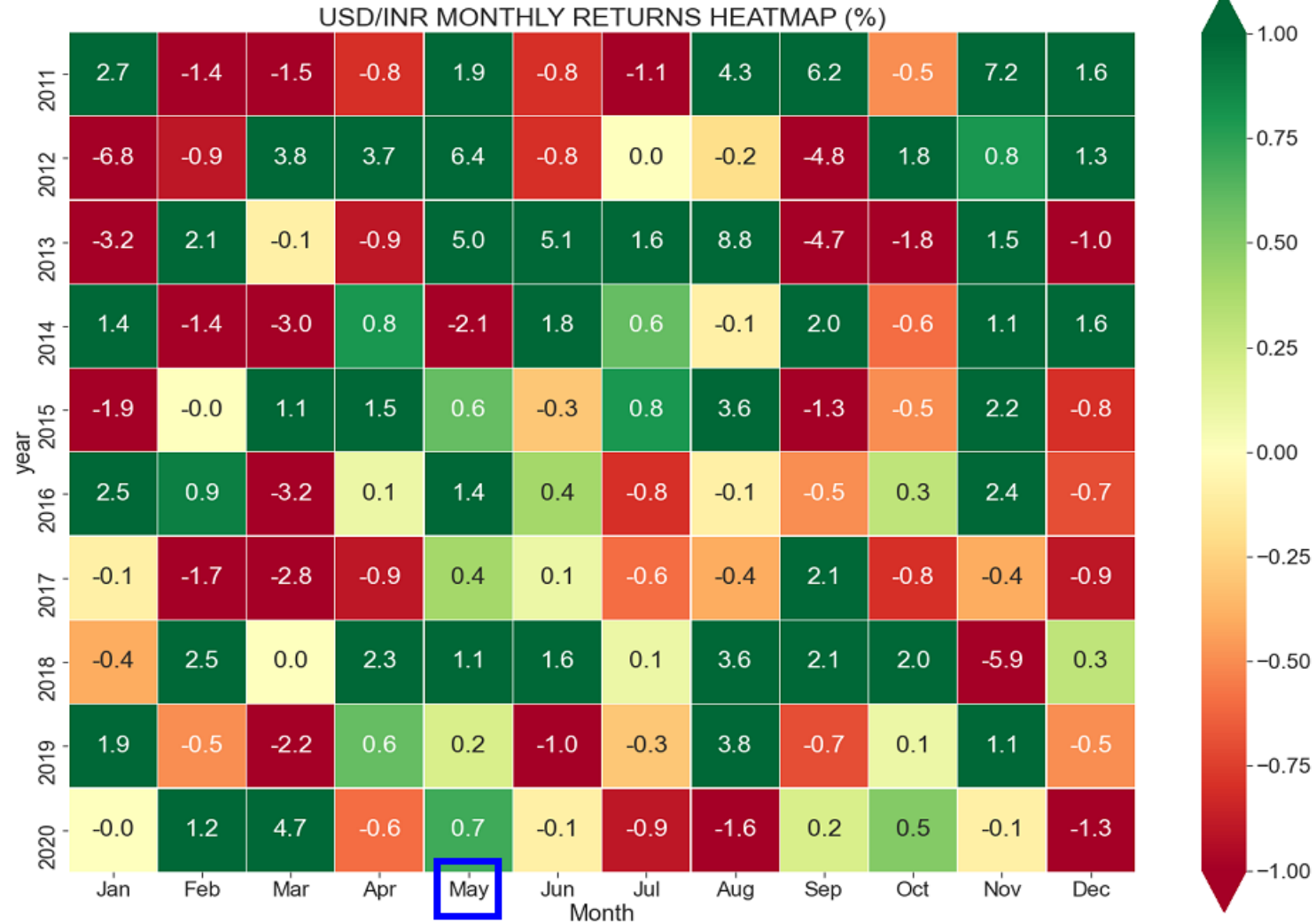


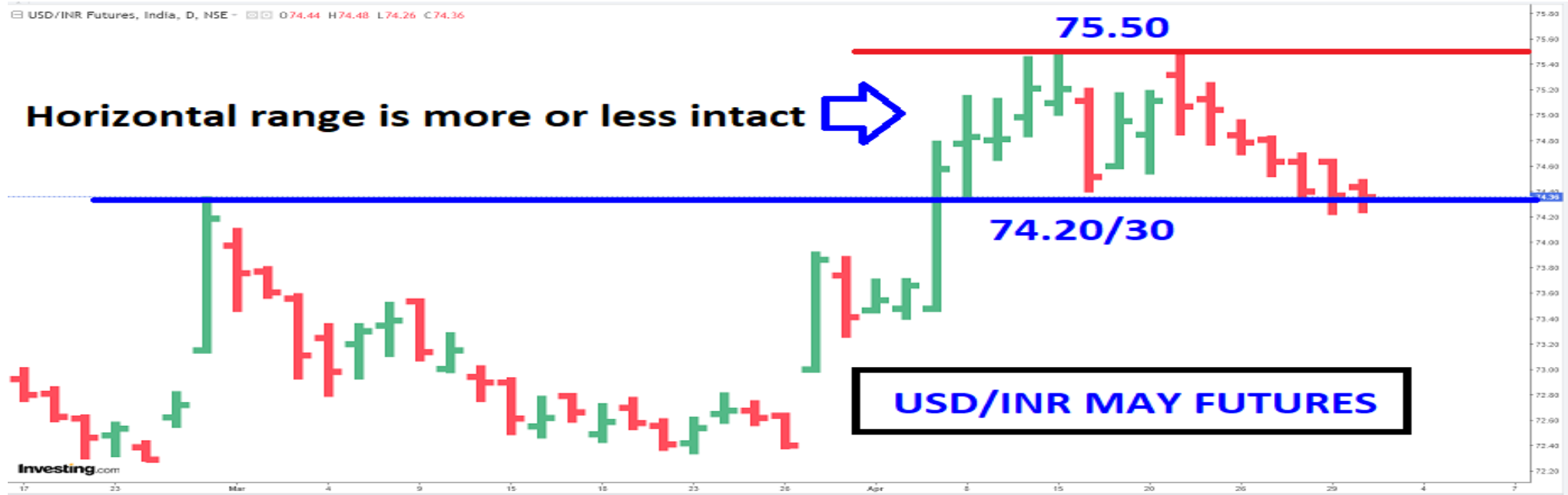


Sell in May & go away?

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Historically, month of May has been a tough month for the Rupee. Over the past 10 years, only once has Rupee appreciated against the USD. If global dynamics turns hostile & COVID situations takes time to improve, then Rupee can have a rough time in May this time as well.



USD/INR

➤ **Storyboard:**

- ❑ Though the state election outcome may not be significant for the Rupee but the domestic COVID situation and global trend of US Dollar are setting the narrative for the Indian Rupee. As of now that narrative is negative for the INR. We have to wait for the COVID cases to peak out before the narrative can turn decisively for Rupee.

➤ **Trade Pointer:**

- ❑ USD spot is trading near 74.30, trying to sneak inside the multi week range. However, the continuous futures chart is yet to signal a range breakdown. Therefore, near term range is 74.20 to 74.65. Incase prices sustainably move above 74.65, then it may attempt 75.10 and even 75.50 levels.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	74.25	74.50	74.61	74.70	75.10



**EUR/USD
&
EUR/INR**

➤ **Storyboard:**

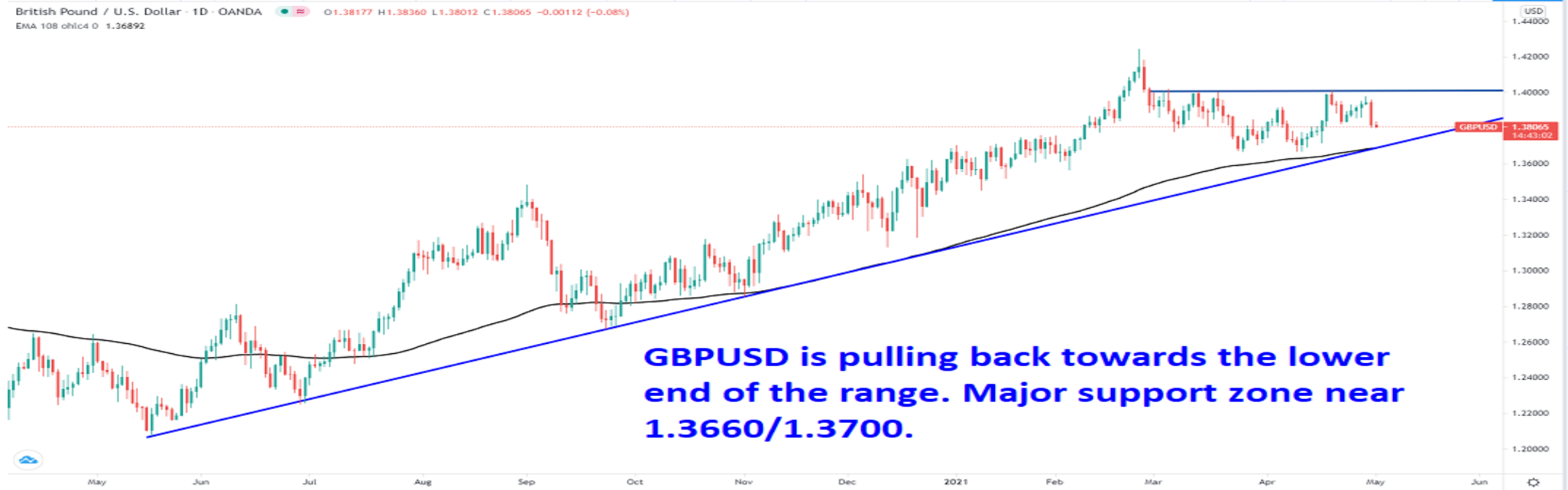
- ❑ The first quarter economic data from Eurozone has been better than expected. However, the economic divergence between Eurozone and US remains wide and that can continue to maintain the divergence in the arena of monetary policies too.

➤ **Trade Pointer:**

- ❑ EURUSD can be sold on rise but with stop above 1.2160. EURINR is may remain rangebound due to opposing forces of USDINR and EURUSD.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	89.25	89.55	89.71	89.85	90.25



**GBP/USD
&
GBP/INR**

➤ **Storyboard:**

- ❑ GBP is caught between economic realities and political uncertainties. On one hand, strong possibility of UK central bank opting to reduce its accommodation is positive for GBP but at the same time, May 6th Scottish elections remain an area of mild concern. This may keep GBPUSD oscillating within a range.

➤ **Trade Pointer:**

- ❑ GBPUSD remains in an uptrend. However, near term price action suggests a range between 1.3660 and 1.4020 levels. Buying on decline is advised as long cable is not breaking down below 1.3650. Target 1.4020.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	102.60	102.90	103.06	103.20	103.50

**USD/JPY
&
JPY/INR**



➤ **Storyboard:**

- Rising US yields and risk on mood in financial markets have allowed USDJPY to push higher.

➤ **Trade Pointer:**

- USDJPY is a buy on decline with stop below 107.40. Target 110.95/111.00. Due to a combination of strong USDJPY and flat USDINR, JPYINR remain under selling pressure.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	67.70	68.00	68.11	68.25	68.55

FPI FLOWS

	(\$ Million)	
MONTH	EQUITY	DEBT
May-20	1,929	(2,902)
Jun-20	2,890	552
Jul-20	1,018	(568)
Aug-20	6,294	368
Sep-20	(1,052)	896
Oct-20	2,661	314
Nov-20	8,132	326
Dec-20	8,420	1,227
Jan-21	2,658	(660)
Feb-21	3,539	(246)
Mar-21	1,444	902
Apr-21	(1,294)	108
LTTM	36,639	317

- The three macro factors that drive the value of USDINR: (i) Carry trade done by speculators by selling USDINR forwards/futures and rolling it (ii) FDI & FPI flows (iii) RBI intervention.
- Alongwith macro and technical factors, Intermarket has significant impact on USDINR. Keep an eye on (i) US Dollar Index (ii) Global equity indices (iii) Oil prices- The negative impact of oil on Rupee is more pronounced when period of high oil prices coincide with period of USD shortage (iii) Asian currencies against US Dollar
- Once COVID situation improves, FPI flows can pick up pace, which will be positive for the Indian Rupee.

Disclaimer

- Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +2267132430. Website: www.kotak.com / www.kotaksecurities.com. Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: INZ000200137(Member of NSE, BSE, MSE, MCX & NCDEX). Member Id: NSE-08081; BSE-673; MSE-1024; MCX-56285; NCDEX-1262. AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97.
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