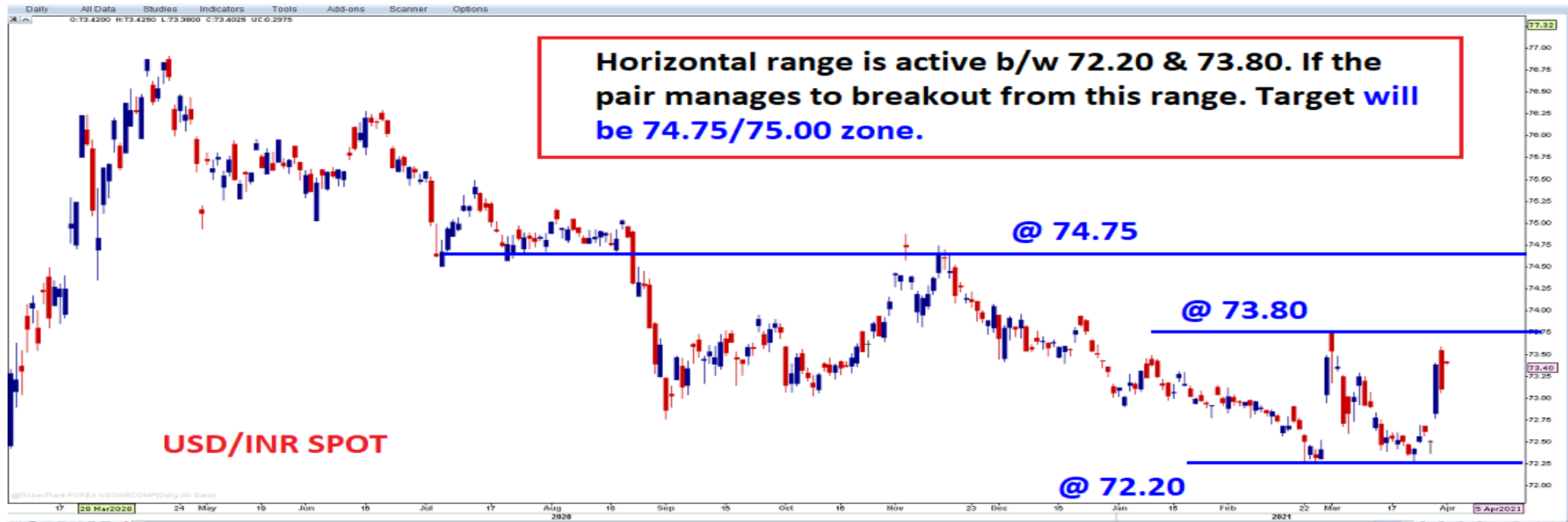




Second wave & limited lockdowns are –ve for Rupee



USD/INR

➤ **Storyboard:**

- ❑ Since last year a typical template used by traders to trade has been the relative trend of COVID cases. The big surge in new cases and fresh lockdowns in Maharashtra may become mild headwinds for INR and INR assets.

➤ **Trade Pointer:**

- ❑ After a 3.4% drop during FY21, USDINR may be in for higher volatility in FY22. Over the near term, USDINR may oscillate between 73.00 and 74.00 levels as indicated by large OI accumulated in April end OTM USDINR options. Technically, a clear break above 73.80 is needed on spot, to initiate a trending phase in USDINR.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	73.25	73.47	73.64	73.80	74.00



➤ **Storyboard:**

- ❑ Traders are not eager to pay much attention to any strong macro data from Eurozone as the common knowledge is that due to poor response towards vaccination and fiscal stimulus, Eurozone will continue to underperform US and UK. This will mean that monetary policy divergence will continue to drag EURUSD and EURGBP lower.

➤ **Trade Pointer:**

- ❑ **EURUSD and EURINR remains in a downtrend.** EURUSD is poised to test 1.16 handle, which would mean that EURINR also declines further towards 85.80/86.00 levels.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	86.25	86.50	86.67	86.85	87.15

**EUR/USD
&
EUR/INR**



➤ **Storyboard:**

- ❑ Thanks to rapid vaccinations, UK's earlier economic reopening begins this month. Pent up demand and fiscal stimulus can cause economic activity to rebound strongly. However, with US too experiencing a robust and broad based rebound, there is little divergent policy play between GBP and USD, but there is between EUR and GBP.

➤ **Trade Pointer:**

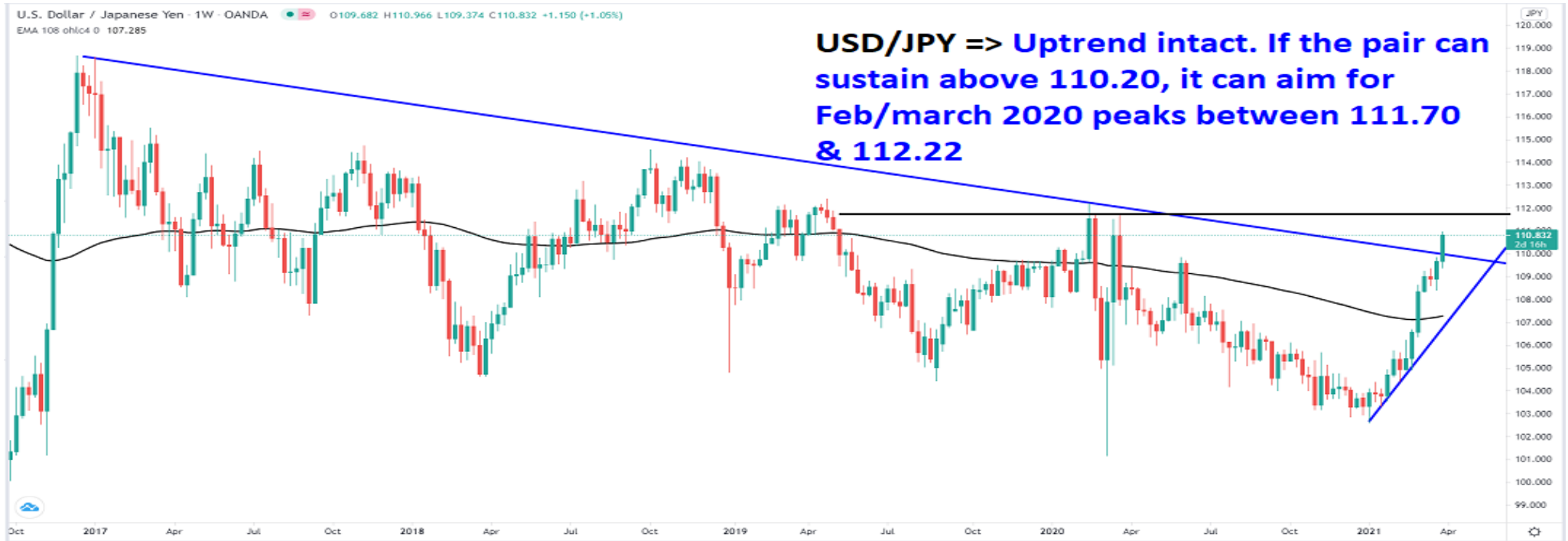
- ❑ GBPUSD remains in a corrective phase. But as long as USDINR holds above 73.00 handle, it can ensure that GBPINR remains a buy on decline with stop below 100.50 levels.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	101.25	101.50	101.76	101.95	102.25

GBP/USD
&
GBP/INR

**USD/JPY
&
JPY/INR**



➤ **Storyboard:**

- ❑ Broad \$ strength, attractive US bond yields and more or less risk on mood in global equities are all acting as a confluence to drive USDJPY higher and JPYINR lower.

➤ **Trade Pointer:**

- ❑ USDJPY remains in an uptrend and can test 111.70/112.20 zone. Hence, bias remains downward in JPYINR. Selling JPYINR April futures advised with stop above 67.50 levels.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	66.10	66.40	66.58	66.75	67.00

FPI FLOWS

(\$ Million)		
MONTH	EQUITY	DEBT
Apr-20	(904)	(1,057)
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
FY21	35,585	(1,750)

- 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
- FY21 has witnessed record FPI flows with nearly \$34 billion flowing in. Debt segment has been a significant laggard due to cocktail of adverse macro factors: borrowing, rise in US yields and sticky inflation.

Disclaimer

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