



***Volatility*** is missing...



# USD/INR

➤ **Storyboard:**

- ❑ USDINR is clearly in an uptrend but the momentum is slow. A mix of factors is deciding the uptrend: (i) relative strength in US economy over Indian economy is allowing Fed to be hawkish, when RBI remains dovish. (ii) oil prices are ticking higher, ignoring threat of supply from OPEC+ & non-OPEC. (iii) US Dollar Index is benefitting from the monetary policy divergence. However, the momentum is lacking as global risk appetite remains strong and hence the hunt for high yielders continues. There has been decent FPI inflows over the month of June.

➤ **Trade Pointer:**

- ❑ Uptrend is intact as long as USDINR July futures is holding above 74.00/74.10 levels. Corrective pullbacks are buying opportunity. Resistance near 75.10 and 75.50 levels.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	74.40	74.54	74.72	74.90	75.10

**EUR/USD  
&  
EUR/INR**



➤ **Storyboard:**

- ❑ Monetary policy divergence continues to be the driving force behind the decline in EURUSD. US economic condition is far better than US and the lift-off in rates and taper will happen far ahead of Europe. However, theme is not yet as strong as it was during 2014-2015, divergence play and hence the rise in the US Dollar has been least disruptive this time around.

➤ **Trade Pointer:**

- ❑ Trend remains turned bearish. EURUSD can test 1.1700/1.1730 zone. Sell on rise with stop above 1.20 on a daily closing basis.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	88.20	88.45	88.60	88.80	89.00



➤ **Storyboard:**

- ❑ With EU granting a delay to the chilled meat ban in Northern Ireland, temporarily calming market concerns about an escalation in trade tensions. At the same time, rise in fresh cases in UK has not yet derailed the complete re-opening plan before end of July. But dovish BOE is not helping matters and hence GBP is under pressure against USD and flat against Euro.

➤ **Trade Pointer:**

- ❑ GBPUSD is corrective phase with 1.3650/70 acting as strong support. GBPINR remains in 102.40-104.10 range.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	102.90	103.10	103.25	103.40	103.65

**GBP/USD**  
**&**  
**GBP/INR**

U.S. Dollar / Japanese Yen - 1D - OANDA ● ● O111.024 H111.191 L110.974 C111.140 +0.116 (+0.10%)  
 EMA 22 ohlc4 0

## USD/JPY



➤ **Trade Pointer:**

- ❑ USDJPY remains a buy on decline with stop below 110.00 on a daily closing basis. JPYINR remains sideways phase between 66.70 to 67.70.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	66.90	67.15	67.26	67.40	67.65

USD/JPY  
&  
JPY/INR

# FPI FLOWS

( \$ Million)		
MONTH	EQUITY	DEBT
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
May-21	(389)	131
Jun-21	2,361	(578)
Jul-21	(166)	381
<b>LTTM</b>	<b>32,608</b>	<b>3,169</b>

- 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.
- Along with 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
- FPI inflows picked up in June and that may have been the reason why inspite of rising oil prices and strong DXY, USDINR has not shown strong upward momentum.

# Disclaimer

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