



*Risk-on sentiments dominate*

# USD/INR



➤ **Storyboard:**

- ❑ Indian equity markets are underperforming the world and that is not a surprise as traders tend to trade based on relative situation on COVID. However, the rapid vaccinations may limit the damage. **INR is looking quite resilient.**

➤ **Trade Pointer:**

- ❑ USDINR is stuck within a range on charts, between 72.20 and 73.80. Global and domestic narratives are not strong enough to sustain a strong trend. Hence, short gamma/vega strategies can be employed. Futures trades are shorts in the 73.50/80 zone with a stop above 73.90 on spot basis.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	73.00	73.30	73.47	73.65	73.85



**EUR/USD  
&  
EUR/INR**

➤ **Storyboard:**

- ❑ US economy continues to produce one after another blockbuster economic report. Last week it was a near million job growth and yesterday it was ISM services which clocked a record high. A cocktail of re-opening, thanks to rapid vaccination and massive stimulus programs will create a very conducive growth picture.

➤ **Trade Pointer:**

- ❑ EURUSD is getting a lift from a broad weakness in the US Dollar. However, there is significant overhead resistances. EURINR remains in a downtrend. Hence, selling is advised with a stop above 87.60 levels.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	86.25	86.50	86.78	86.90	87.15



**GBP/USD  
&  
GBP/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 can test 1.40/1.4020 resistance. Buy on decline with SL below 1.3780. As long as USDINR futures hold above 73.00 handle, it can ensure that GBPINR remains a buy on decline for a target 102.80/103.00.

➤ **Levels to watch:**

<b>Futures</b>	<b>S2</b>	<b>S1</b>	<b>CMP</b>	<b>R1</b>	<b>R2</b>
<b>GBPINR</b>	<b>101.60</b>	<b>101.90</b>	<b>102.12</b>	<b>102.25</b>	<b>102.50</b>



**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 needs to hold 109.80 to keep the near term bullish momentum alive. In case of a breakdown below 109.80, corrective phase can push prices towards 108.40/50 levels. JPYINR can also move up due to USDJPY.

➤ **Levels to watch:**

<b>Futures</b>	<b>S2</b>	<b>S1</b>	<b>CMP</b>	<b>R1</b>	<b>R2</b>
<b>JPYINR</b>	66.40	66.60	66.71	66.88	67.20

# 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	(230)	257
<b>LTTM</b>	<b>37,703</b>	<b>466</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.
- 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
- After record inflows during FY21, all eyes on several macro factors which will decide flows into FY22. If the EM over DM theme gains further traction this FY, then inflows can be quite high. But there are also several factors which can cause short term volatility inflows, like Fed's exit from easy money and China's fading growth momentum.

# Disclaimer

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