



***Watch out for short squeeze risk in USDINR***

USD/INR, D, Real-time FX - O 72.920 H 72.928 L 72.803 C 72.828



# USD/INR

➤ **Storyboard:**

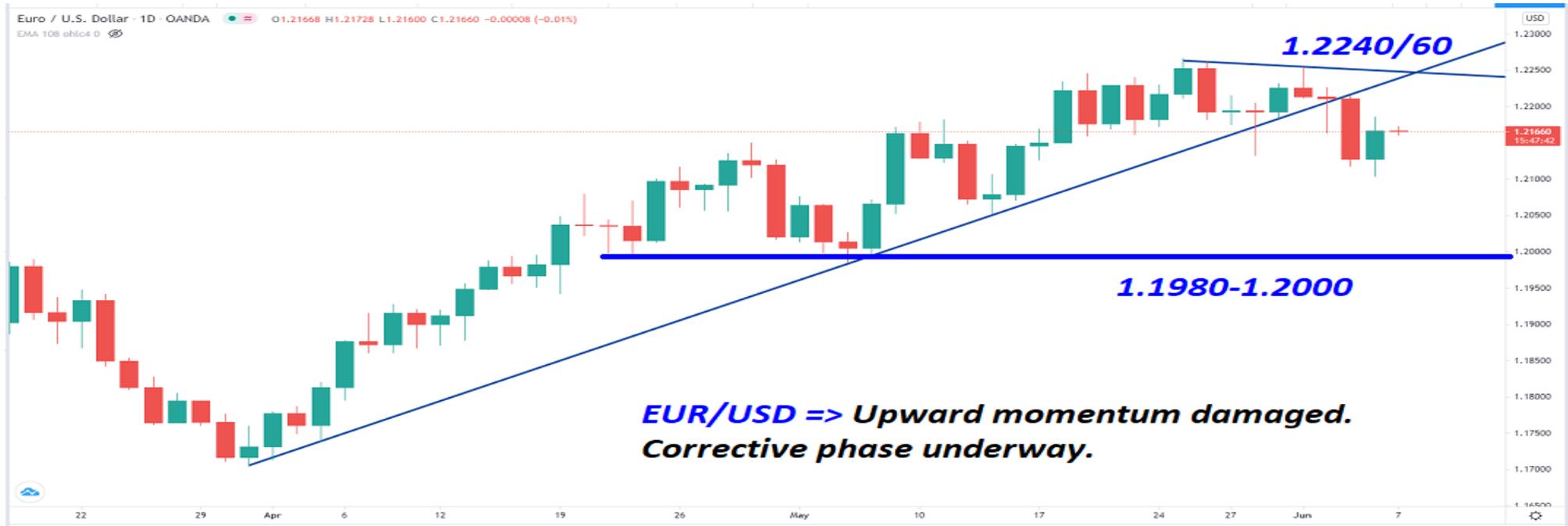
- ❑ Last Friday's jobs report from US fed the goldilocks narrative quite well. It showed US economy remains strong, allowing jobs to grow and wages to pick up but not strong enough to prompt Fed to act on tapering. On the other hand, US administration remains committed to fiscal expansion and even urged other countries to do same. This is a cocktail of higher US demand feeding into emerging market economies and also deeper negative real rates. Both of which are negative for the value of the US Dollar.

➤ **Trade Pointer:**

- ❑ A broad range of 72.40 and 73.50 is underway. Near term resistance is near 73.00 and 73.30 on spot. Momentum remains upward as long as the pair holds above 72.80 levels on spot.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	72.60	72.80	72.91	73.02	73.15



**EUR/USD  
 &  
 EUR/INR**

➤ **Storyboard:**

- ❑ The most watched event for the week will be Thursday's ECB meeting. There has been a lot of chatter about ECB announcing a reduction in asset purchases, but it appears less likely as ECB, like US Fed, may like to be late than being early. Therefore, Euro would continue to be driven more by \$ trend than its own macro factors.

➤ **Trade Pointer:**

- ❑ EURUSD has entered a corrective trend. Major support is near 1.20 and resistance near 1.2260. EURINR may remain in a sideways phase for the time being.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	88.25	88.50	88.69	88.80	89.10



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

➤ **Storyboard:**

- ❑ GBPUSD is lacking any dominant theme which can create a trend in prices. On one hand, expectation that UK will fully reopen before June end is keeping the buyers in the game. But also at the same time, stretched speculative positioning is now allowing a free run to upside. Therefore, a price range continues to unfold.

➤ **Trade Pointer:**

- ❑ GBPUSD remains in a sideways trading phase between 1.4000/40 and 1.4250/70 zones. GBPINR is also likely to trade in a sideways price structure.

➤ **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>102.70</b>	<b>102.95</b>	<b>103.10</b>	<b>103.35</b>	<b>103.70</b>

**USD/JPY  
&  
JPY/INR**



➤ **Trade Pointer:**

- ❑ USDJPY remains a buy on decline with stop below 108.35. Target 111.00. JPYINR remains in a bearish trend.

➤ **Levels to watch:**

<b>Futures</b>	<b>S2</b>	<b>S1</b>	<b>CMP</b>	<b>R1</b>	<b>R2</b>
<b>JPYINR</b>	66.20	66.45	66.60	66.80	67.00

# FPI FLOWS

( \$ Million)		
MONTH	EQUITY	DEBT
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
May-21	(389)	131
Jun-21	1,096	7
<b>LTTM</b>	<b>32,527</b>	<b>2,805</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
- June started off well after a lackluster first two months of FY22 in terms of flows into equity segment.

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