

INR Pairs (Trading Range for the Day – April Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	76.06 (-0.08)	82.75 (-0.37)	99.45 (-0.20)	61.51 (-0.11)
Intraday View	Rangebound	Downward	Downward	Downward
Technical Range	75.80-76.35	82.45-83.05	99.20-99.65	61.40-61.80

Important Indicators		
	DXY	BRENT CRUDE
LTP	99.85	100.11
1W back	98.56	104.40
1M back	99.08	129.10



USDINR Futures (April)

The traditional correlation is back, with a strong US Dollar Index driving crude oil and other commodities lower. With US treasury bond yields trading at the highest levels since March-19, US Dollar Index is finding demand. US central bank remains one of the most aggressive central bankers in the world in terms of monetary policy tightening but at the same time, USD also sports a strong negative real interest rate differential against many of the EM currencies. This is creating an interesting trend in the forex market.

On one hand, USD is strengthening against developed market currencies like Euro, GBP, and JPY but on the other hand, USD is seeing a rangebound or muted up move against several of the EM and Asian currencies. This divergence in trend is allowing Indian Rupee to also be largely rangebound against the US Dollar. Over the past 6 weeks, USDINR has been rangebound between 75.00 and 77.00 levels, with the pair moving upwards during the first couple of weeks of March and then retracing the entire rally during the end of March and the month to date.

Today's focus will be on RBI monetary policy. The impact of the policy will be significant if RBI were to alter its stance from accommodative to neutral, paving the way for the normalisation of policy rates. If RBI were to do that, then USDINR can see sharp volatility. But if RBI were to shy away from altering its stance, then USDINR can remain listless post policy.

USDINR lacks momentum. However, prices can regain momentum above 76.00 levels on spot or 76.22 on futures. If prices were to trade above 76.22, then one can go long with SL below 76.00 and Target 76.50/60 levels.

GBPINR Futures (April)

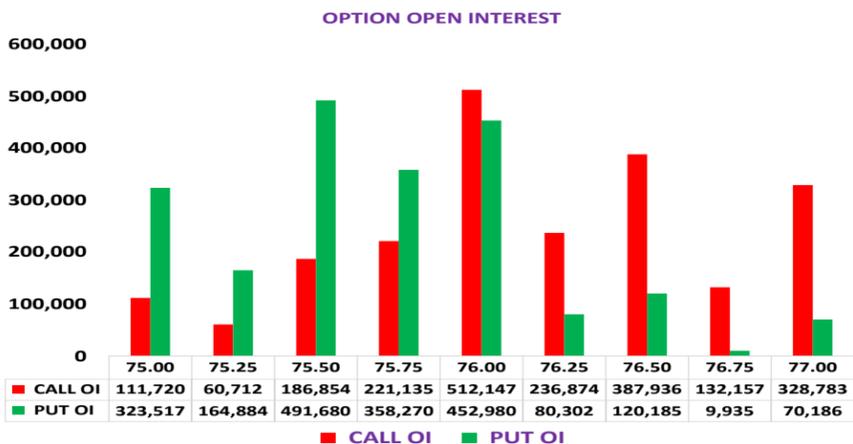
GBPUSD continues to be under pressure due to money flow towards the US Dollar as Fed makes USD an attractive bet against the European currencies. Yesterday market did not pay much attention to the news that UK house prices hit a new record high. GBPINR was flat thanks to the uptrend in USDINR. Today, USDINR needs to move higher to save GBPINR once again, or else a weak GBPUSD can drag this pair lower. Bias remains in a range to slightly downward.

EURINR Futures (April)

EURUSD is being whacked lower almost every day as monetary policy divergence remains the dominant theme. Eurozone economy has stumbled much more than the US economy due to the conflict in Ukraine and its impact on commodity prices, supply chain disruptions, and exposure of EU banks to Russia-Ukraine. In the forex market, once a theme emerges, it carries on for quite a while till positioning becomes lopsided. Therefore, our bet on EURUSD is bearish. EURINR too should trade with a downward bias, but at a slower pace due to strong USDINR.

JPYINR Futures (April)

JPY too remains a play on monetary policy divergence. Higher US treasury yields can continue to exert downward pressure on JPYINR. The bias remains slightly downward.



	Spot	Futures	
		Weekly Expiry 13-Apr-22	Monthly Expiry 27-Apr-22
USDINR LTP / (Previous Day)	75.96 / (75.75)	76.00 / (76.06)	76.08 / (76.15)
ATM Vols (in %)	76.00	6.40%	5.80%
ATM Straddle Price		0.46	0.81

Historical Volatility	
5 days Rolling	6.09%
21 days Rolling	6.71%

What Options Open Interest (OI) Saying?

Options sellers are betting on rangebound price action in USDINR. Implied volatility can cool-off as event risk has passed