

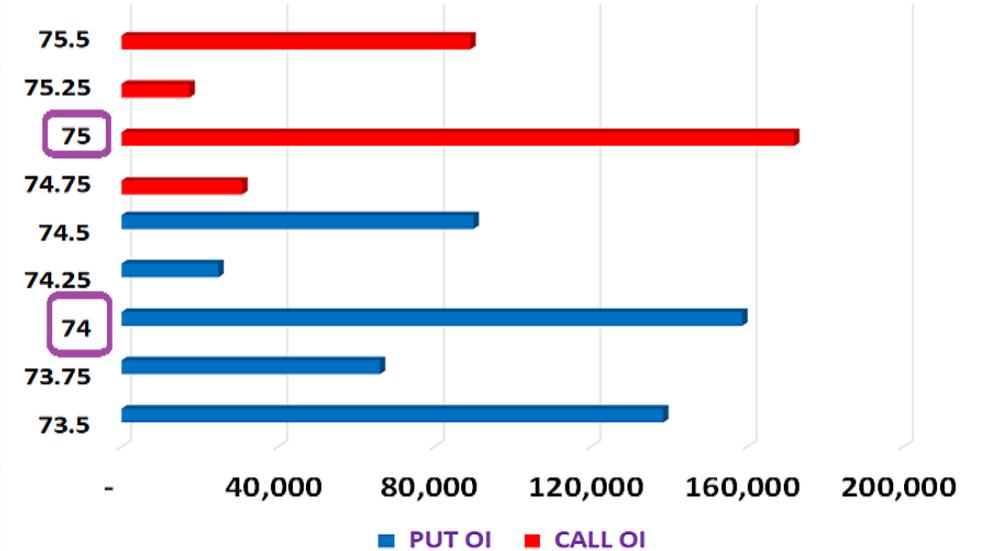


Volatility remains high in INR pairs...

USD/INR



OPEN INTEREST IN OTM CALLS & PUTS FOR USDINR, WEEKLY & APRILEND COMBINED



➤ **Storyboard:**

- ❑ RBI may not like the current increase in volatility. At the same time it is estimated that they may be holding sizable amount of long positions in forwards (>\$75 billion) which could be utilised to quell the volatility.

➤ **Trade Pointer:**

- ❑ USDINR is going to run into heavy band of resistance above 75 on spot. Long \$ needs to be careful here. Option positioning suggests writers are wanting USDINR remain within 74/75 strikes to make money. If prices move out of this range, another episode of squeeze can be seen.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	74.35	74.65	74.86	75.15	75.50



**EUR/USD
&
EUR/INR**

➤ **Storyboard:**

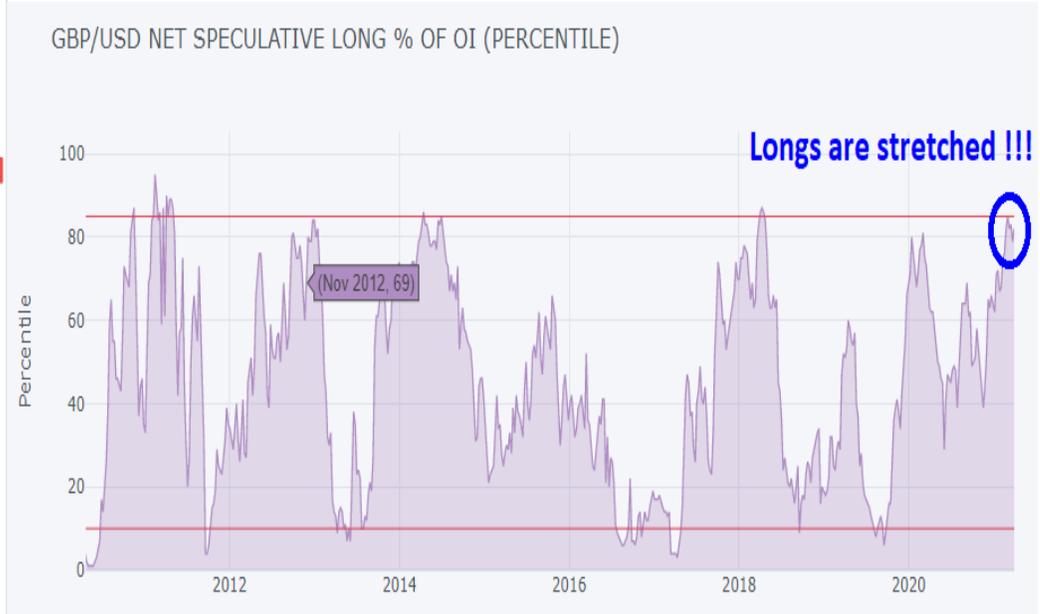
- ❑ A combination of strong factory orders data from Germany and higher unemployment claims from US, helped EURUSD inch higher. The hope that EU may catch up to its peers in vaccination is allowing Euro to move upwards. However, we have seen in the past bureaucracy in EU can slow things down when it comes to implementation.

➤ **Trade Pointer:**

- ❑ EURUSD is going to run into strong resistance between 1.1950/70 and then near 1.2050 levels. EURINR will continue to be driven mostly by the trend in USDINR. It is a high beta on USDINR right now.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	88.55	88.80	89.01	89.15	89.45



**GBP/USD
&
GBP/INR**

➤ **Storyboard:**

- ❑ A stronger than expected construction PMI failed to lift GBPUSD. Though the macro theme remains quite bullish for GBP. Cable needs to work out its massive speculative long positions and hence the long period slow corrective decline.

➤ **Trade Pointer:**

- ❑ GBPUSD remains in a primary uptrend. But the near term price structure is quite choppy. Hence, would advise waiting on sidelines to buy the pair at lower levels. GBPINR will be a high beta play on USDINR.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	102.10	102.35	102.59	102.85	103.10

**USD/JPY
&
JPY/INR**



➤ **Storyboard:**

- A cool-off in US bond yields and a softness in the Dollar has pulled USDJPY down.

➤ **Trade Pointer:**

- USDJPY has support near 108.50 and 107.60. Due to a combination of soft USDJPY and strong USDINR, JPYINR futures can move upwards.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	68.00	68.20	68.43	68.68	68.90

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	(385)	(43)
LTTM	37,548	166

- 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
- April has been lackluster to start with. FPI flows are missing in action. Rupee is responding to derivative plays than real flows.

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