



Low volatility continues in the **Rupee**

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USD/INR, D, Real-time FX - O 72.945 H 72.945 L 72.897 C 72.911



USD/INR

➤ **Storyboard:**

- ❑ **How long before volatility picks up in USDINR?** Since mid-April, 1-month implied volatility has been trending decisively lower. The peak was near 6.3% and if we ignore a few odd spikes, it has drifted relentlessly towards 4.30/4.40% levels. Low implied volatility not only means that market is anticipating less uncertainty over future returns but it also means traders may be ill prepared for any kind of shock. We need to be watchful.

➤ **Trade Pointer:**

- ❑ A broad range of 72.40 and 73.30 is underway. Near term resistance is near 73.00 and 73.30 on spot. USDINR needs to close trade and sustain above 73.30 for trend to reverse.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	72.60	72.90	73.03	73.15	73.30

**EUR/USD
&
EUR/INR**



➤ **Storyboard:**

- ❑ EURUSD continues to meander in a sideways price range for the past couple of trading sessions. Yesterday, the disappointment in investment sentiment gauge, ZEW did not impact EURUSD. EURUSD is quietly waiting for tomorrow's economic data: ECB meeting and US CPI.

➤ **Trade Pointer:**

- ❑ EURUSD remains in a corrective phase with support near 1.21 and resistance near 1.2240. EURINR may continue to oscillate between 88.40 and 89.40 levels.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	88.55	88.80	88.96	89.10	89.35



**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 oscillating within a range of 102.50 and 104.10. One can accumulate on decline with stop below 102.00. Target 105.00**

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	103.00	103.25	103.39	103.55	103.80

**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:**

Futures	S2	S1	CMP	R1	R2
JPYINR	66.40	66.60	66.72	66.85	67.10

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	1,325	(128)
LTTM	32,756	2,670

- 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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