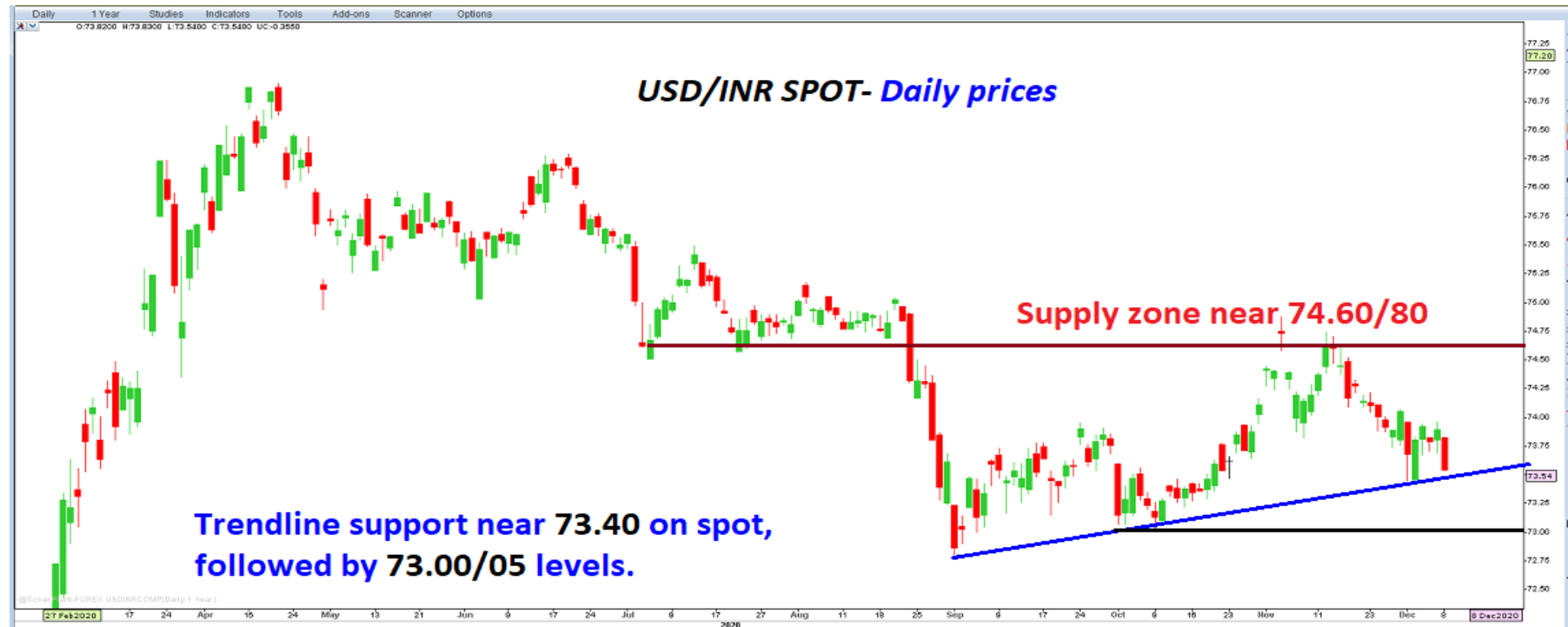




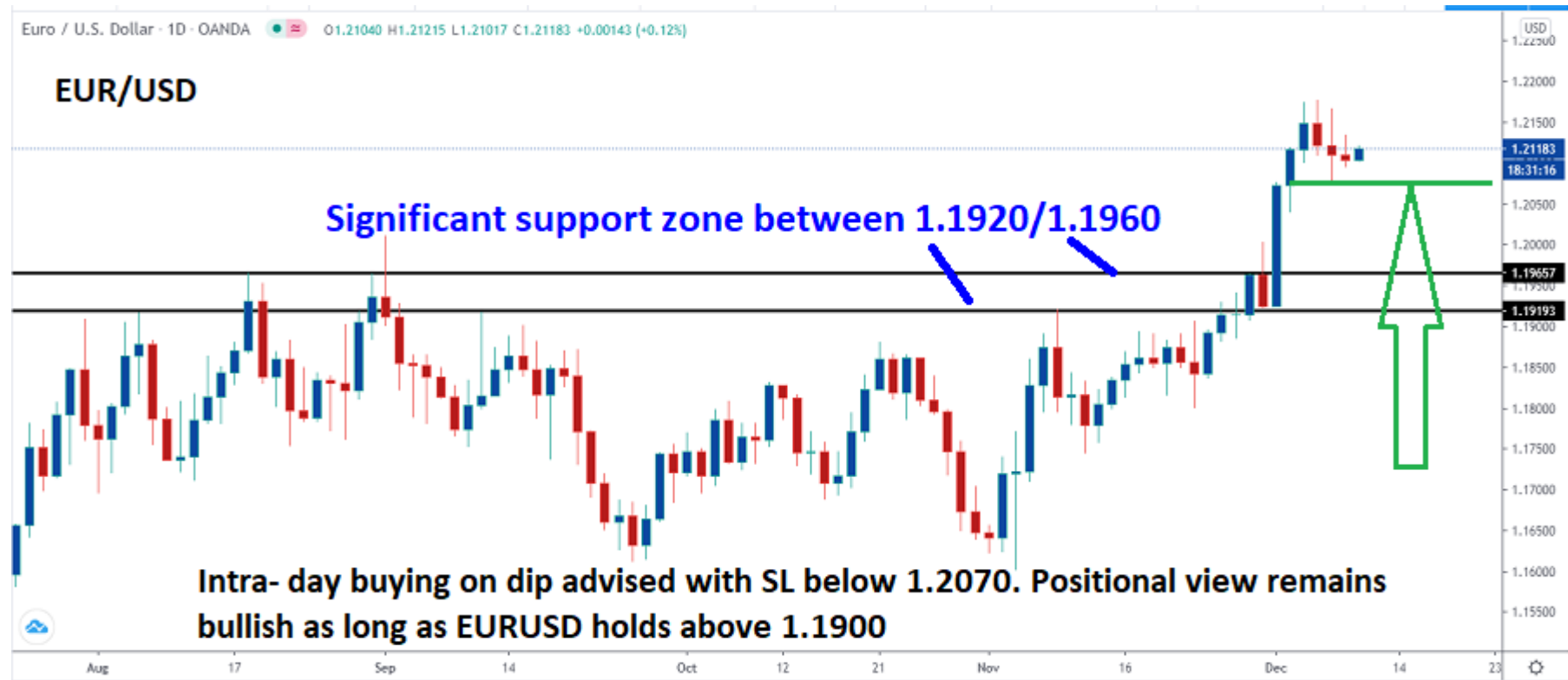
FX INSIGHT- “Rupee remains strong”

USD/INR



- *The near INR 7 lakh crore of excess **Rupee liquidity** and the distortion in money market rates its causing may have caused the RBI to slows its pace of intervention. If that be so, then it may allow the **Indian Rupee** the window to appreciate towards 73.00 levels and even lower.*
- *Price action suggests that primary trend is downward. **Sell on rise is advised**. Unless USDINR is managing to close above 75.00, bearish view remains intact. Support is near 73.40 and 73.00.*

EURO



- *Price action has become muted ahead of ECB meeting on Thursday. Intra-day long can be done but with stop below 1.2070 levels in EURUSD. **Positional view remains bullish.***
- *For positional trade, EUR/INR remains a buy on decline with stop below 88.00 on a daily closing basis. **Target 90.20 and then near 90.80 on Dec futures.***

GBP



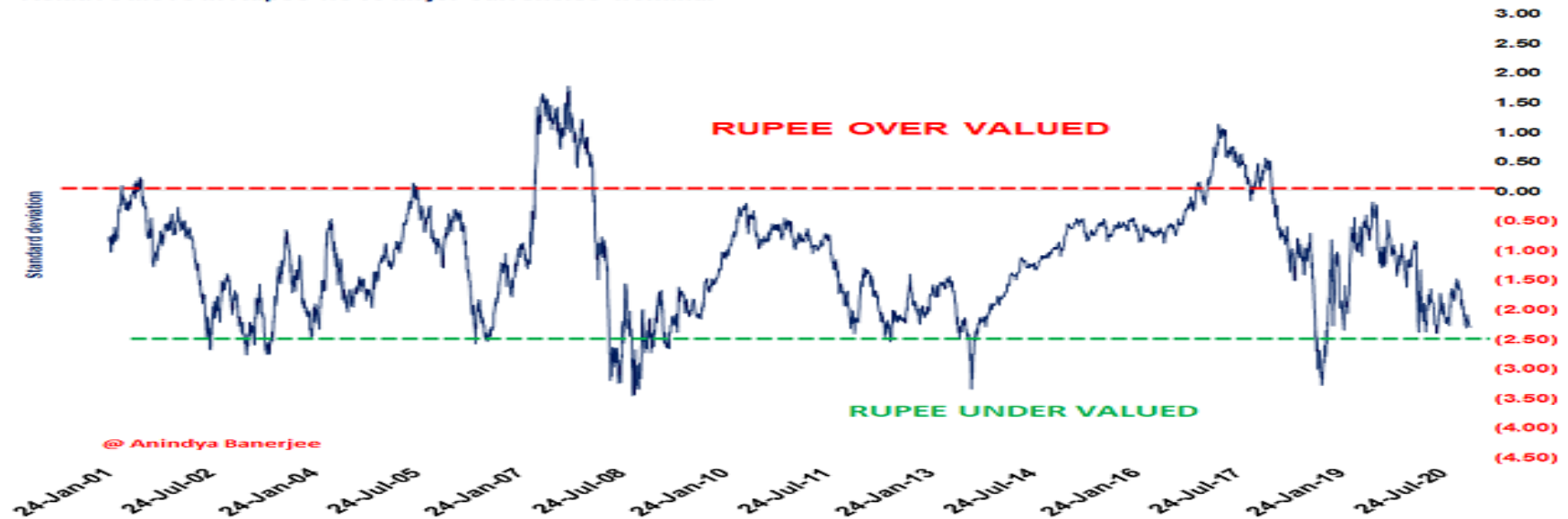
- *Tonight UK PM & European Commission President are scheduled to meet over dinner to find a breakthrough. **Hopes are high.***
- *Volatility is going to be high. GBPUSD having survived the last two days of selling is now a candidate to **buy on decline but with stop below 1.3280.***
- *GBP/INR can be bought on decline with stop below **98.00 levels.** Target 99.50 & 100*

YEN



- **USD/JPY is in a downtrend.** Hence, sell on rise with stop above 105.30. Support near 103.20, followed by 102.00 levels.
- **A weak USDJPY and flat USDINR means JPYINR will find buyers at lower levels.** Hence, buying is advised on dip with stop below 70.40 on Dec futures. Resistance 71.50 and then near 72.00.

Relative move in Rupee v/s 60 major currencies- nominal



- **Indian Rupee is significantly lagging behind its peers in EM and DM basket, thanks to relentless intervention from RBI in spot and derivatives.**
- **FX assets are up nearly \$95 billion FYTD, a part of which can be explained by revaluation gains but bulk is due to RBI's spot purchase. Such a massive intervention has caused INR excess liquidity to inch closer towards 7 lakh crore mark, an unprecedented number.**
- **In Q4FY21, if RBI reduces the pace of purchase and \$ remains soft globally, then surging capital inflows and corporate repatriation inflows can be enough to trigger a broad based appreciation in Rupee.**

MACRO TALK

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