



***USD weakness can drive EURINR & GBPINR upward...***



➤ **Storyboard:**

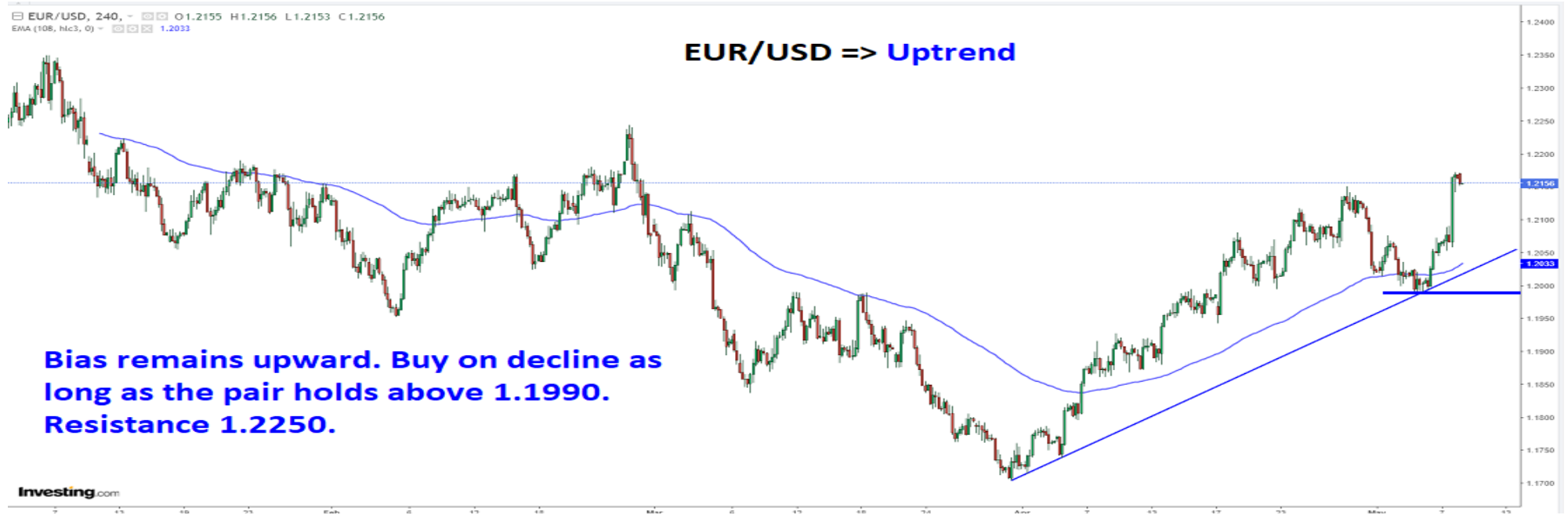
- ☐ Friday's jobs report from US suits the goldilocks scenario: US and world economy is chugging along but economic slack exists to prevent Fed from pivoting away from easing to neutral stance. The sharp rise in inflationary expectations and inflationary pressures seen as transitory and hence may not elicit any response from the Fed. As long as dovish Fed, strong global economy remains the dominant theme, specs will choose EMFX over USD.

➤ **Trade Pointer:**

- ☐ USDINR is in near term downtrend within a broad range. Sell on rise with stop above 74.60 on May futures on a closing basis. Target 73.90 and 73.50.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	73.20	73.40	73.57	73.70	74.00



➤ **Storyboard:**

- ❑ There is a slow but sure recovery underway in Eurozone. The pace of vaccinations are picking up. However, the two key economic releases: German ZEW on Tuesday and industrial production on Wednesday will be keenly watched to gauge the economic momentum in Eurozone. A soft USD environment will spill over into this week and that can drive EURUSD higher. However, Euro can continue to weaken against GBP.

➤ **Trade Pointer:**

- ❑ EURUSD can see further upside towards 1.2250 levels. EURINR can rise alongside a strong EURUSD.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	89.00	89.30	89.46	89.70	90.00

EUR/USD  
&  
EUR/INR



**GBP/USD  
&  
GBP/INR**

➤ **Storyboard:**

- ❑ Scottish election risk fades but the economic momentum story gains momentum. Cable has managed to brush aside the dovish comments from BOE as the central bank has to sooner, rather than later, acknowledge the economic strength in its forecasts. Focus will be on Wednesdays Q1GDP report, where a solid growth of 1.5% is expected. GBP can continue to outperform Euro due to better economic momentum than Eurozone.

➤ **Trade Pointer:**

- ❑ GBPUSD remains in an uptrend. Buying is advised on decline with stop below 1.3950. Target 1.4200/1.4250. GBPINR may also benefit from a strong GBPUSD, provided USDINR remains in a sideways phase.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
<b>GBPINR</b>	102.80	103.10	103.27	103.55	103.90



**USD/JPY  
&  
JPY/INR**

➤ **Storyboard:**

- ❑ Poor NFP dragged USDJPY lower on Friday but risk on sentiments remains supportive for the pair.

➤ **Trade Pointer:**

- ❑ USDJPY longs can tighten their stops below 108.00, under the trendline support. Incase of a close below 108.00, it can retrace much of the gains since Jan-21.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	67.25	67.50	67.62	67.80	68.05

# FPI FLOWS

	(\$ Million)	
MONTH	EQUITY	DEBT
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	(1,294)	108
May-21	(802)	16
<b>LTTM</b>	<b>33,908</b>	<b>3,219</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
- Once COVID situation improves, FPI flows can pick up pace, which will be positive for the Indian Rupee.

# Disclaimer

- Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +2267132430. Website: [www.kotak.com](http://www.kotak.com) / [www.kotaksecurities.com](http://www.kotaksecurities.com). Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: INZ000200137(Member of NSE, BSE, MSE, MCX & NCDEX). Member Id: NSE-08081; BSE-673; MSE-1024; MCX-56285; NCDEX-1262. AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97.
- Customer Service Number – 1800 209 9191 email id – [service.securities@kotak.com](mailto:service.securities@kotak.com). Compliance Officer Details: Mr. Manoj Agarwal. Call: 02242858484, or Email: [ks.compliance@kotak.com](mailto:ks.compliance@kotak.com). Investments in securities market are subject to market risks, read all the related documents carefully before investing. The information is only for consumption by KSL client and such material should not be redistributed
- [Click here for detailed disclaimer](#)