

INR Pairs (Trading Range for the Day – May Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	77.37 (-0.30)	81.91 (0.01)	95.74 (-0.11)	59.41 (0.11)
Intraday View	Upward	Rangebound	Rangebound	Rangebound
Technical Range	77.20-77.70	81.70-82.15	95.50-96.00	59.20-59.60

Important Indicators		
	DXY	BRENT CRUDE
LTP	103.57	104.87
1W back	103.45	106.49
1M back	99.97	99.35



USDINR Futures (May)

US bond yields needed an excuse to correct lower and they got that last night by way of comments from the Atlanta Fed President Raphael Bostic. He said that supply pressures are peaking and Fed may hike rates by 50-bps over the next 2/3 meetings but not at a pace faster than that. The pullback in the yields allowed US Dollar to soften against major currencies, including the Rupee in the offshore market. Equities and bonds are deeply oversold and US Dollar is very overbought. The question is does it have enough pressure to correct meaningfully? Interestingly, USDINR has broken out above its all-time high, just when other markets have reached extremes in sentiments. For USDINR to continue to push higher, in spite of RBI intervention, it needs complete support of the global markets, or else, it can turn out to be another giant head fake in prices.

As long as USDINR sustains above the previous all-time high of 77 levels, the bias will be upward. One can use call spreads to play the upside. High implied volatility means option premiums will be higher and hence the advice for call spreads. Futures run the risk of being whipsawed. Resistance 77.60 on spot and then 78.10 levels.

GBPINR Futures (May)

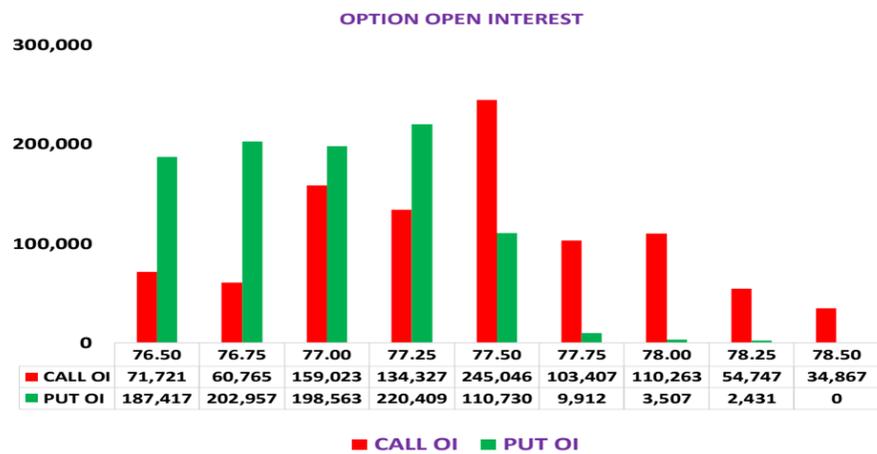
With US Dollar Index pulling back, a rebound in GBPUSD will be positive for GBPINR. Both GBPINR and GBPUSD is oversold. However, for GBPINR to move upwards, either GBPUSD has to rally strongly or USDINR to move up. Therefore, for the day we expect a range bound movement in the pair.

EURINR Futures (May)

With no major economic data from Eurozone, EURINR will be dependent on-trend in USDINR. As long as USDINR continues to move higher, it can pull not just GBPINR but also EURINR as well. However, the pace of upward correction can be slower. All in all, we expect a range bound play in EURINR.

JPYINR Futures (May)

The pullback in the US bond yields will be positive for JPYINR as USDJPY can soften but much depends on the trend of USDINR. We expect a range bound play in JPYINR over the near term.



	Spot	Futures	
		Weekly Expiry 13-May-22	Monthly Expiry 27-May-22
USDINR LTP / (Previous Day)	77.23 / (77.46)	77.26 / (77.55)	77.36 / (77.66)
ATM Vols (in %)	77.25	6.60%	6.54%
ATM Straddle Price		0.37	0.88

Historical Volatility	
5 days Rolling	9.71%
21 days Rolling	6.59%

What Options Open Interest (OI) Saying?

Option sellers are not carrying much open interest as USDINR is yet to form a range. VIX remains elevated as USDINR trades above 77 levels.