

INR Pairs (Trading Range for the Day – Feb Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	75.06 (0.12)	85.84 (0.15)	101.80 (0.11)	64.88 (-0.06)
Intraday View	Upward	Rangebound	Upward	Rangebound
Technical Range	75.25-75.75	85.75-86.15	101.85-101.50	64.80-65.20

Important Indicators		
	DXY	BRENT CRUDE
LTP	95.85	91.19
1W back	95.47	92.74
1M back	95.60	83.62



USDINR Futures (Feb)

USDINR is gapped higher at the open after US CPI inflation rose to a 40-year high at 7.5% for January. US is paying the price of a top-down massive fiscal push and ultra-loose monetary easing during COVID times. Add to that supply issues in commodities and supply chains issues in manufacturing are causing the inflation to get out of hand in the west. US central bank and their politicians did not face heat due to persistently very high inflation since Paul Volcker's time, during the early 80s. Political pressure on Fed is rising to use their monetary policy tool (cost of funds and supply of funds) to bring inflation down. This may lead to Fed crashing demand to get prices down. That is exactly what the US money market is pricing in. Amidst all this, Rupee may not remain so quiet as back home RBI is continuing with accommodative monetary policy, allowing the policy-path divergence between US and India to widen further. There is ample room for USDINR to rise before RBI takes action in order to prevent a feedback loop on inflation. The last time RBI did so was when USDINR was near 76.50. **Bias is upward as long as prices sustain above 75.00 on spot. Focus on bullish strategies with a closing stop below 75.00 as a spot reference.**

GBPINR Futures (Feb)

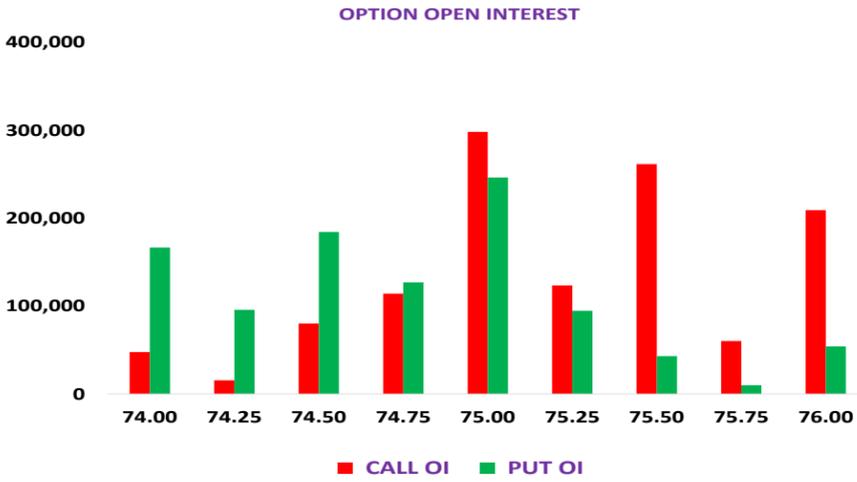
GBPINR is getting the benefit of a stronger USDINR offsetting the weakness in GBPUSD. If USDINR continues to move higher, it will drag GBPINR higher as well. **Therefore, one can look for intra-day buying opportunities in GBPINR.**

EURINR Futures (Feb)

Even though ECB has pushed back against hawkish talk but German bunds yields are rising sharply, expecting Eurozone inflation to follow US path and shoot higher in the near future. EURINR is getting a slight benefit from a stronger USDINR. **Bias remains of a range.**

JPYINR Futures (Feb)

JPYINR may remain rangebound thanks to the upward trend in USDINR and USDJPY. When USDINR and USDJPY trend in same direction, JPYINR becomes locked within a range, as is the case now.



	Spot	Futures	
		Weekly Expiry 18-Feb-22	Monthly Expiry 24-Feb-22
USDINR LTP / (Previous Day)	74.94 / (74.81)	75.01 / (74.89)	75.06 / (74.94)
ATM Vols (in %)	75.00	4.10%	4.20%
ATM Straddle Price		0.36	0.49

Historical Volatility	
5 days Rolling	2.41%
21 days Rolling	3.81%

What Options Open Interest (OI) Saying?

75.50 call sellers may get tested as USDINR futures is expected to trade near those levels due to short squeeze. Implied volatility may rise due to jump in USDINR.

Disclaimer & Contact:

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