

INR Pairs (Trading Range for the Day – May Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	77.38 (-0.05)	81.64 (-0.17)	95.48 (-0.18)	59.45 (-0.21)
Intraday View	Upward	Rangebound	Rangebound	Rangebound
Technical Range	77.20-77.60	81.40-82.85	95.25-95.75	59.20-59.65

Important Indicators		
	DXY	BRENT CRUDE
LTP	103.80	104.23
1W back	102.50	110.08
1M back	99.97	99.35



USDINR Futures (May)

USDINR is not a currency pair that works well if you want to play momentum on a positional basis. You may get momentum for a couple of days at best but that's only if you are either playing it intra-day on a high momentum day like it was when it crossed 77, or during the few days of late Feb and early March during the Russian-Ukraine war, or if you are buying it after it has come down quite a bit. Chasing breakouts and then expecting prices will sustain the run for a week or two, which has not worked out well. RBI abhors volatility and hence their interventions have created a common knowledge amongst bigger players and exporters, that large moves need to be faded.

The current backdrop could push USDINR into a range. FPI flows in IPOs, exporter selling and RBI intervention is going to cap the upside. At the same time, strength in the US Dollar Index and fragile risk sentiments can limit the downside. Support is near 77 levels on May futures. As long as 77 holds, the range can be between 77 and 77.60/70 levels over the near term. Option selling can be considered. Traders looking to bet on the upside can once again switch towards ratio call spreads.

GBPINR Futures (May)

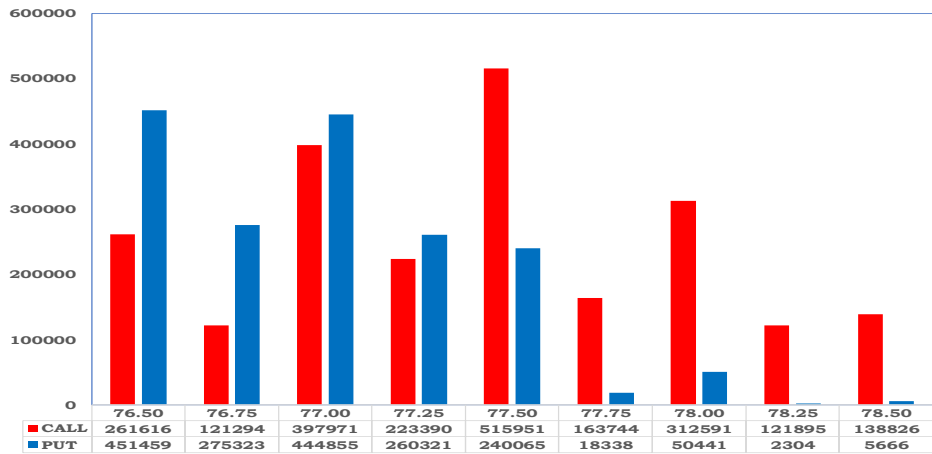
UK economic think tank, NIESR, has remarked that the UK is on course to enter a technical recession in the second half of this year and faces a big hit to living standards from surging prices. Last week the Bank of England forecast Britain's economy would shrink by up to 1% in the final quarter of this year and also contract over 2023 as a whole. These remarks from NIESR should not be a surprise to traders as they have built significant short positions expecting this outcome. In fact, positioning appears extremely short and runs the risk of a short-covering. As a result, GBPINR may remain range-bound over the near term.

EURINR Futures (May)

US CPI is going to a key data today and it will impact EURUSD and hence EURINR. CPI is expected to rise 0.2% in April or 8.1% on an annualized basis. That's compared with a 1.2% monthly increase or 8.5% gain year-over-year in March. US 10-year bond yields are looking top-heavy on charts but they probably require a softer CPI to push them lower. If US bond yields decline post CPI, then that can push EURUSD higher and EURINR slightly higher tomorrow. For the day, we expect a range bound session.

JPYINR Futures (May)

With a lack of momentum from USDJPY and USDINR, JPYINR should remain range-bound. However, there can be volatility post CPI release. For the day, JPYINR may come down slightly on the back of weakness in USDINR.



	Spot	Futures	
		Weekly Expiry 13-May-22	Monthly Expiry 27-May-22
USDINR LTP / (Previous Day)	77.24 / (77.33)	77.26 / (77.34)	77.36 / (77.44)
ATM Vols (in %)	77.25	6.91%	6.39%
ATM Straddle Price		0.32	0.84

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

What Options Open Interest (OI) Saying?

Option sellers are betting on a range of 77 and 77.50. Implied volatility has come-off due to range bound action of USDINR.