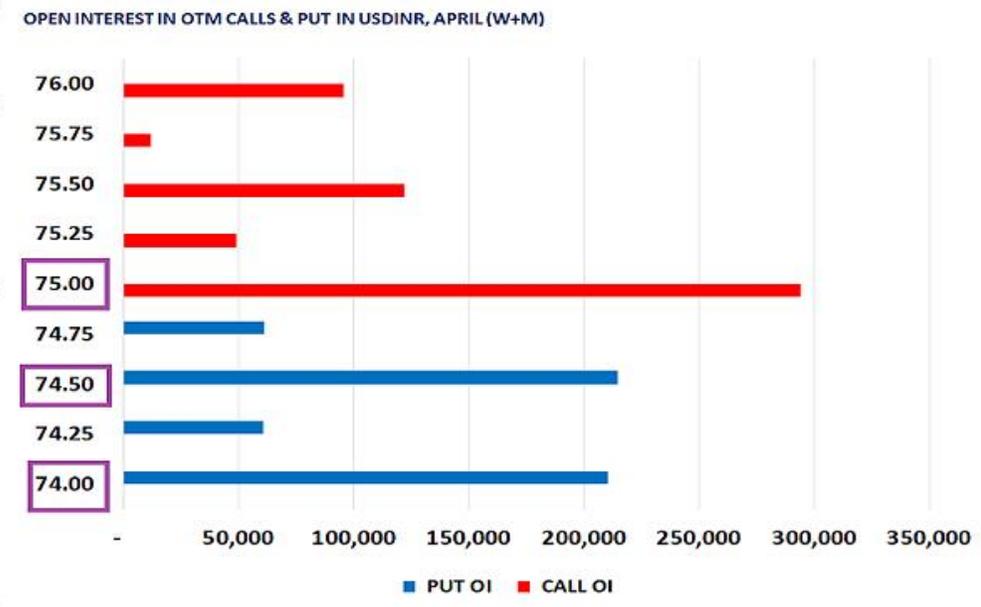




Rupee to remain under pressure...

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USD/INR



➤ **Storyboard:**

- ❑ The narrative is appearing quite dangerous for USDINR. On one hand there is surge in daily COVID cases and on the other there is talk of complete lockdown in MH. Add to that a strong US Dollar overseas and massive short positions in USDINR forwards/futures due to carry trade. We have a risk of a massive short squeeze, unless RBI steps in. It is estimated that RBI may be hold over \$60 billion of longs in fwds, which can be utilised to calm things

➤ **Trade Pointer:**

- ❑ USDINR is going to run into heavy band of resistance above 75 on spot. Long \$ needs to be careful here. Option positioning suggests writers are wanting USDINR remain within 74/75 strikes to make money. If prices move out

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	74.75	75.00	75.20	75.50	75.85



**EUR/USD
&
EUR/INR**

➤ **Storyboard:**

- ❑ Hope of EU playing catch up to US and UK is helping Euro recover against most currencies as shorts are unwound. However, with EU recovery fund is stuck in court battles, the fiscal support is missing which can propel EU economy forward. Therefore, this rebound in Euro appears to be temporary.

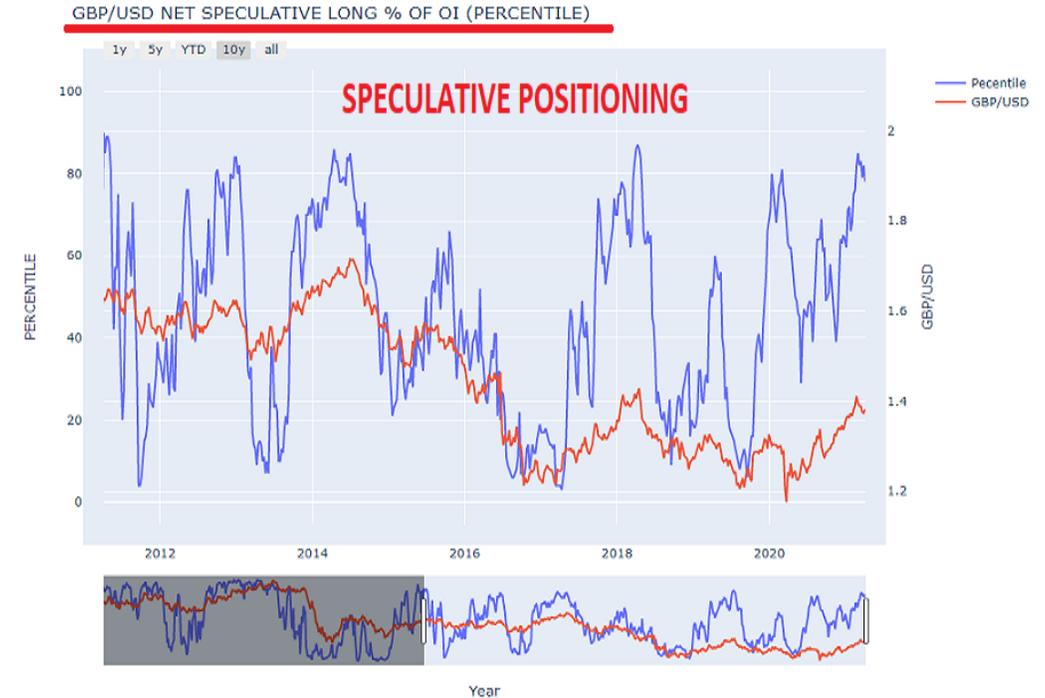
➤ **Trade Pointer:**

- ❑ EURUSD is going to run into strong resistance between 1.1950/70 and then near 1.2050 levels. EURINR will continue to be driven mostly by the trend in USDINR. It is a high beta on USDINR right now.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	88.85	89.10	89.38	89.55	89.85

**GBP/USD
&
GBP/INR**



➤ **Storyboard:**

- ❑ A strong the US Dollar and stretched positioning in GBPUSD could be the factors dragging cable lower. At the same time, a catch up trade in Euro is also causing GBP to fall against Euro.

➤ **Trade Pointer:**

- ❑ GBPUSD remains in a primary uptrend. But the near term price structure is quite choppy. Hence, would advise waiting on sidelines to buy the pair at lower levels. GBPINR will be a high beta play on USDINR.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	102.30	102.65	102.86	103.10	103.50

**USD/JPY
&
JPY/INR**



➤ **Storyboard:**

- ❑ Though the speculative short in JPY has not reached historical extreme but there is clear evidence of market being sizably short on JPY. As these shorts cover, it can propel JPY higher against USD and INR.

➤ **Trade Pointer:**

- ❑ USDJPY has support near 108.50 and 107.60. Due to a combination of soft USDJPY and strong USDINR, JPYINR futures can move upwards.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	68.20	68.50	68.67	68.85	69.15

FPI FLOWS

(\$ Million)		
MONTH	EQUITY	DEBT
May-20	1,929	(2,902)
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	(105)	(28)
LTTM	37,828	181

- 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.
- Alongwith 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
- April has been lackluster to start with. FPI flows are missing in action. Rupee is responding to derivative plays than real flows.

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