

INR Pairs (Trading Range for the Day – April Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	76.12 (0.09)	82.90 (-0.12)	99.20 (0.04)	60.90 (0.17)
Intraday View	Upward	Downward	Downward	Downward
Technical Range	75.85-76.25	82.65-83.10	98.90-99.50	60.70-61.25

Important Indicators		
	DXY	BRENT CRUDE
LTP	100.02	100.21
1W back	98.48	105.57
1M back	99.01	105.94



USDINR Futures (April)

When was the last time, the US administration was so focused on inflation? Possibly not in a long time. Yesterday, in a press conference, White House press secretary Jen Psaki said that inflation is likely to rise even more as prices of commodities remain elevated. This definitely increases pressure on the US central bank to tighten aggressively. The market has already penciled in two 50-bps hikes in the upcoming meetings. There is now chat about one 75-bps hike. Fed has not been this aggressive since Paul Volcker unleashed the massive rate hike campaigns in the 1980s. He managed to control runaway inflation but at the cost of economic growth. This trade-off will be there. US central bank has drawn comfort from the strength and the resilience of the US economy. This week, CPI and retail sales reports will be keenly watched. As long as the theme of high inflation and strong consumer spending holds up, Fed will be tempted to go for some big moves in rates in the next meeting.

Indian Rupee has been exceptionally stable. Thanks to aggressive intervention from RBI, the faith of carry traders, and robust non-FPI inflows, Rupee has strengthened when compared against a broad basket of currencies. A stable to strong Rupee may be bad news for the external sector but is necessary for inflation management. RBI has even retrained its focus on keeping real rates positive. Keeping real rates positive may have some negative impact on credit growth but it will offer a strong shield to the Rupee against the harmful rays of a strong US Dollar.

Over the near term, we expect USDINR to trade with an upward bias but momentum is still missing in action. One can continue to buy the dip as long as the April futures sustains above 75.80 levels and the spot above 75.70 levels. Resistance is near 75.10 on spot and 75.22 on futures, followed by 75.40 on futures.

GBPINR Futures (April)

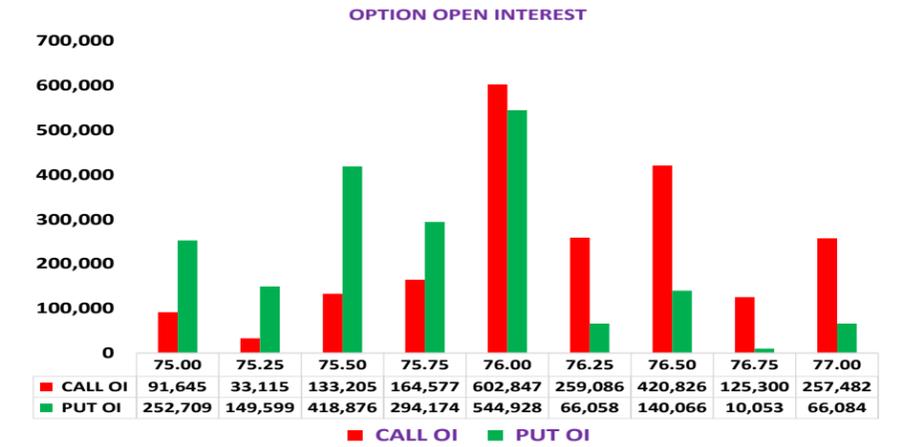
GBPINR traders will have the UK employment report to trade today. This pair has come under heavy selling pressure due to weak GBPUSD and stable USDINR. The Bank of England has been cautious whereas US Fed has become more and more aggressive. Add to that the collateral damage to the European economies from the war in Ukraine. All these factors have continued to drive the GBP lower against US Dollar and the Indian Rupee. Over the near term, bias is downward but there is support near 98.60/70 levels. Resistance is near 99.30/40 levels.

EURINR Futures (April)

Euro remains under pressure from a divergent monetary policy path and disruption to the European economy from the war in Ukraine. EURUSD has been under selling pressure and USDINR has been stable. A combination of two leads to EURINR being bearish. EURINR remains a sell on rise but keep in mind in cross INR pairs, you need to have a stop loss in every trade

JPYINR Futures (April)

It has become a deep consensus trade to be short JPY against Rupee or US Dollar. With the Bank of Japan on yield curve control, there is no scope for yields to rise in Japan. This means a surging US bond yields leads to carry traders shorting JPY for higher-yielding Indian Rupee or the US Dollar. However, we need to watch out for intervention from the Bank of Japan. Comments from the ministry of finance officials in Japan need to be monitored as they influence BoJ's FX intervention. Therefore, keep in mind two things as you trade Rupee crosses, have a stop loss and stick to intra-day trades only.



	Spot	Futures	
		Weekly Expiry 22-Apr-22	Monthly Expiry 27-Apr-22
USDINR LTP / (Previous Day)	75.98 / (75.95)	76.02 / (75.94)	76.08 / (76.03)
ATM Vols (in %)	76.00	5.39%	5.60%
ATM Straddle Price		0.55	0.70

Historical Volatility	
5 days Rolling	6.00%
21 days Rolling	6.73%

What Options Open Interest (OI) Saying?

Options sellers are betting on rangebound price action in USDINR. Implied volatility can cool-off as underlying remains rangebound.