



\$ continues to drift lower....



USD/INR

➤ **Storyboard:**

- ❑ Risk off mood persists in Asia, a spillover from the North American session last night. Inflation is being made the scapegoat of the decline but that aspect is a debatable question. How much of the inflation spike and commodity spike of 2021 will sustain as world emerges out of COVID post vaccinations, let us say in a years time. Fed has been clear about not looking beyond the current surge in inflation. Therefore, there is not much of scope for real rates to move due to high inflation, which is needed if \$ were to surge. However, things can flip, if Fed members begin laying too much emphasis on the current trend of inflation.

➤ **Trade Pointer:**

- ❑ Downward bias is intact in USDINR as long as the pair sustains below 73.90 on a closing basis.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	73.20	73.45	73.57	73.80	74.05



EUR/USD
&
EUR/INR

➤ **Storyboard:**

- ❑ We are beginning to see good data out of the Eurozone, with the German ZEW survey rising sharply in May. As the EZ economies reopen, data will improve and that may alter the rhetoric from ECB board members towards less dovish. Central bank stance continues to be the driver on currencies in the DM block.

➤ **Trade Pointer:**

- ❑ EURUSD can see further upside towards 1.2250 levels. EURINR can rise alongside a strong EURUSD.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	88.70	89.00	89.25	89.45	89.70



GBP/USD
&
GBP/INR

➤ **Storyboard:**

- ❑ GBPUSD pushed higher on the back of soft USD and hopes of a strong economic momentum in UK. All eyes on the today's March quarter prelim GDP report and BOE chief's talk. A stronger growth is needed to change the bias of BoE from dovish to neutral, which in turn is needed to push GBP higher.

➤ **Trade Pointer:**

- ❑ GBPUSD remains in an uptrend. Buying is advised on decline. Target 1.4240 and 1.4310. GBPINR may also benefit from a strong GBPUSD, provided USDINR remains in a sideways phase.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	103.45	103.70	103.88	104.05	104.35

**USD/JPY
&
JPY/INR**



➤ **Storyboard:**

- ❑ USDJPY is struggling to stay above the key trendline. A soft USD and mild risk off is not helping matters.

➤ **Trade Pointer:**

- ❑ USDJPY longs can tighten their stops below 108.00, under the trendline support. Incase of a close below 108.00, it can be sold for 106.50/70 levels.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	67.25	67.50	67.67	67.85	68.05

FPI FLOWS

	(\$ Million)	
MONTH	EQUITY	DEBT
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	(1,294)	108
May-21	(806)	65
LTTM	33,904	3,219

- 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.
- Along with 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
- Once COVID situation improves, FPI flows can pick up pace, which will be positive for the Indian Rupee.

Disclaimer

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