



RBI may increase \$ selling to curb volatility...



USD/INR

➤ **Storyboard:**

- ❑ Indian equity markets and Indian Rupee, both are underperforming their peers in the EM basket. Trend of COVID continues to be a major driver of relative returns across currencies and equity markets. Till the time, daily cases do not peak, Rupee may remain an underperformer. RBI will also remain an active seller of \$. RBI will continue to use this spike in USDINR to lighten up their massive \$ longs in forwards, for which they have little intention of taking delivery.

➤ **Trade Pointer:**

- ❑ USDINR is going to run into heavy band of resistance near 75.25 on spot. Close to 3 lakh contracts are outstanding between 75.25 & 75.50 call option strikes for April expiries. If USDINR can squeeze past 75.50, it can aim for 76.40

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	74.75	75.00	75.22	75.50	75.85

Euro / U.S. Dollar - 1D - OANDA O:1.19790 H:1.19900 L:1.19698 C:1.19721 -0.00069 (-0.06%)
 EMA 108 oblc4 D 1.19446

EUR/USD



Upward correction continues. EURUSD needs to hold above 1.19, to keep the upward momentum alive.

➤ Storyboard:

- ❑ News of J&J vaccine being halted in US over reports of 'blood clot' hurt the US Dollar. As a result, EURUSD neared resistance zone of 1.20. Euro managed to shrug-off a poor ZEW sentiment reading. Even a stronger than expected increase in US CPI failed to lift the US Dollar.

➤ Trade Pointer:

- ❑ EURUSD continues drift higher. Key support is near 1.1900. With USDINR in upmove and EURUSD drifting higher, EURINR may continue to inch towards 90.50 levels.

➤ Levels to watch:

Futures	S2	S1	CMP	R1	R2
EURINR	89.55	89.80	90.05	90.35	90.65

EUR/USD
&
EUR/INR



**GBP/USD
&
GBP/INR**

➤ **Storyboard:**

- ❑ An underwhelming GDP growth for Feb(0.4% v/s 0.6% expectation) pulled cable from above 1.3800. GBP continues to underperform Euro. A combination of stretched long positions and catch up in Euro could be responsible for GBP to underperform Euro.

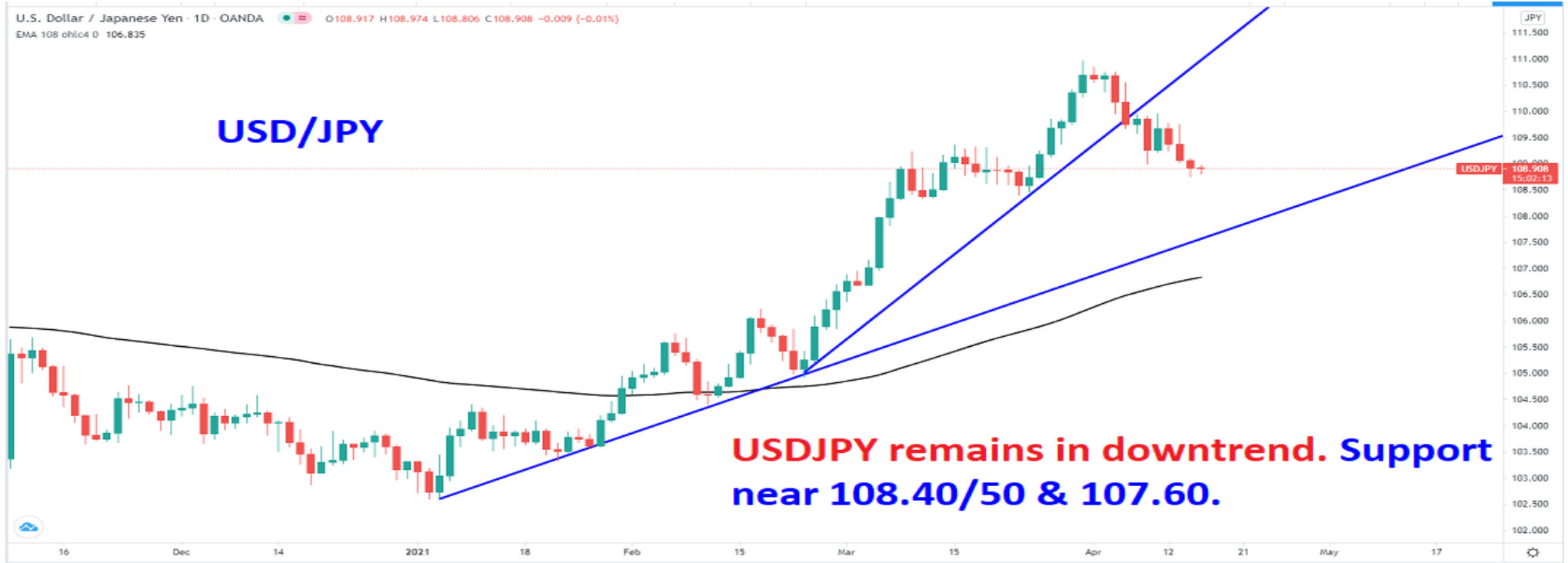
➤ **Trade Pointer:**

- ❑ 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	103.10	103.40	103.55	103.85	104.15

**USD/JPY
&
JPY/INR**



➤ **Storyboard:**

- ❑ USDJPY continues to drift lower as the Yen shorts are unwound. Further decline is possible.

➤ **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	68.55	68.85	69.05	69.25	69.55

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	(186)	(123)
LTTM	37,747	86

- 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 unwind of carry trade and RBI intervention via forward market, than capital flows.

Disclaimer

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