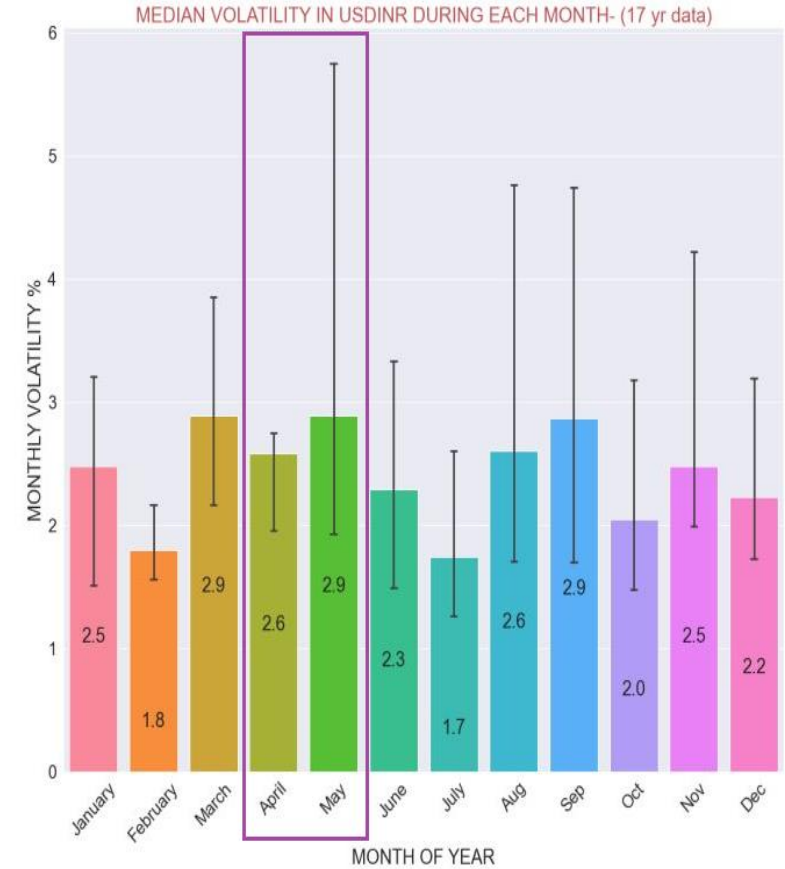
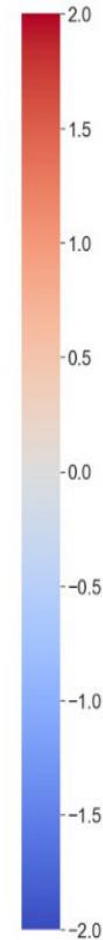
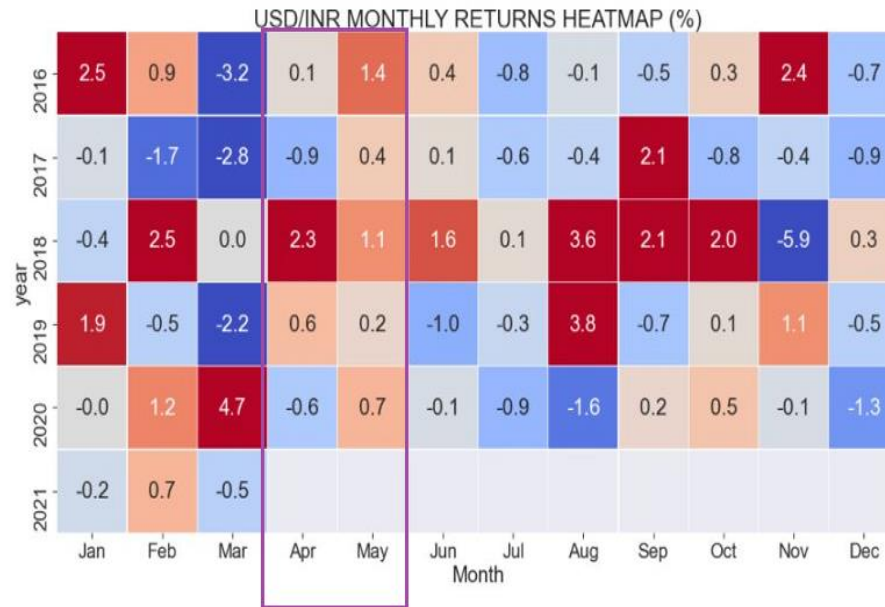




RBI is curbing volatility via intervention...

VOLATILITY



- ❑ **Historically the months of April and May have seen high volatility in USD/INR.**
- ❑ **However, when we compared last 5 years volatility during April and May, with that of last 17 years, it appears that volatility has been less than usual during these months. Except for 2018 April, close to close volatility has been well below 2%.**

USD/INR



➤ **Storyboard:**

- ❑ A combination of cooling US yields, RBI’s aggressive intervention and risk on mood in global markets, are enough to pull down USDINR. The way RBI has been selling \$ aggressively since Friday, it seems they are keen to keep USDINR below 75.00 levels on spot. This may offer USDINR a window of opportunity to appreciate.

➤ **Trade Pointer:**

- ❑ USDINR having run into a wall of supply near 75.25 may oscillate within a range. Selling is advised above 75.00 with stop above 75.30 on a daily closing basis. Target 74.50 and 74.00.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	74.25	74.50	74.72	75.00	75.30



**EUR/USD
&
EUR/INR**

➤ **Storyboard:**

- ❑ Are we seeing a turn in EURUSD? Macro data in US is going from strong to stronger. Retail sales, consumer spending growth, jobless claims and manufacturing surveys all are moving northwards. At the same time, in Germany cases are beginning notch up. All in all, EURUSD may run into selling soon.

➤ **Trade Pointer:**

- ❑ EURUSD has key support is near 1.1900. If USDINR pullbacks towards 74.50 and even 74.00. then EURINR too can pullback towards 89.00 levels.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	88.80	89.15	89.37	89.55	89.85



**GBP/USD
&
GBP/INR**

➤ **Storyboard:**

- ❑ In absence of any fresh triggers from UK, GBPUSD is unable to break higher. It is widely anticipated that UK economic growth will rebound strongly and hence that there is not enough to drive cable higher.

➤ **Trade Pointer:**

- ❑ GBPUSD remains in a corrective declining trend. Support levels are near 1.3660 and 1.3600 levels. GBPINR can see further selling pressure if USDINR pulls back towards 74.50.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	102.35	102.60	102.81	103.05	103.35

**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. Weak USDINR and weak USDJPY will offset each other and hence JPYINR may run into strong resistance above 69.00 levels.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	68.20	68.45	68.65	68.85	69.10

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	(518)	(70)
LTTM	37,415	139

- 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.

Disclaimer

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