



US FOMC to drive volatility...



USD/INR

➤ **Storyboard:**

- ❑ A double headwinds brew for the Rupee, but softly. I am referring to the combination of strength in the US Dollar Index and rising crude oil prices. However, much rides on tonight's FOMC. US Fed needs to sound hawkish, which is not what consensus is betting on, for USDINR to breakout above the key resistance levels and head towards 74.25 on spot.

➤ **Trade Pointer:**

- ❑ The range has narrowed to 72.90 to 73.55 on futures. A clear breakout is needed above 73.55 to signal that the tide has turned decisively in favour of USD bulls. **With large OI outstanding in OTM calls and carry traders holding sizable shorts in futures/forwards any upside shock can trigger a significant short squeeze.**

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	73.10	73.30	73.38	73.55	73.75



**EUR/USD
&
EUR/INR**

➤ **Storyboard:**

- ❑ Tonight, EURUSD will be driven by US Fed rhetoric, than anything else. Yield differentials have turned in favour of USD but how long that sustains depends on US central bank. If Fed sounds hawkish and drops a clear hint of taper, then Euro can come under further selling pressure.

➤ **Trade Pointer:**

- ❑ Trend has turned bearish. As long as prices are not breaking out above 1.22, downward bias will remain. Major support near 1.1980/1.1990 zone.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	88.70	88.90	89.01	89.15	89.35



GBP/USD
&
GBP/INR

➤ **Storyboard:**

- ❑ GBPUSD failed to benefit from a robust employment report which saw unemployment claims contract, wage growth accelerated and unemployment rate dipped in May. The decision to delay the full reopening by a few weeks weighed on sentiments. At the same time, fresh rift between EU and UK adding to GBP's woes.

➤ **Trade Pointer:**

- ❑ GBPUSD is corrective phase with 1.4050 and 1.3835/50 acting as major support levels. GBPINR is also in a consolidation phase between 102.50 and 104.10.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	103.00	103.25	103.35	103.50	103.70

U.S. Dollar / Japanese Yen - 1D - OANDA ● ● O110.065 H110.142 L110.042 C110.065 0.000 (0.00%)
 EMA 108 ohlc4 0



USD/JPY => Uptrend intact. Buy on decline as long as the pair is not closing below 108.35. Significant resistance near 111.00.

➤ Trade Pointer:

☐ USDJPY remains a buy on decline with stop below 108.35. Target 111.00. JPYINR remains in a bearish trend.

➤ Levels to watch:

Futures	S2	S1	CMP	R1	R2
JPYINR	66.40	66.60	66.68	66.80	66.95

**USD/JPY
&
JPY/INR**

FPI FLOWS

(\$ Million)		
MONTH	EQUITY	DEBT
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	(389)	131
Jun-21	2,256	(368)
LTTM	33,687	2,430

- 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
- June started off well after a lackluster first two months of FY22 in terms of flows into equity segment. Flows in debt has turned outward in June till date, due to increase in negative real yields on GOIsec and possibility of increased issuance.

Disclaimer

- Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +2267132430. Website: www.kotak.com / www.kotaksecurities.com. Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: INZ000200137(Member of NSE, BSE, MSE, MCX & NCDEX). Member Id: NSE-08081; BSE-673; MSE-1024; MCX-56285; NCDEX-1262. AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97.
- Customer Service Number – 1800 209 9191 email id – service.securities@kotak.com. Compliance Officer Details: Mr. Manoj Agarwal. Call: 02242858484, or Email: ks.compliance@kotak.com. Investments in securities market are subject to market risks, read all the related documents carefully before investing. The information is only for consumption by KSL client and such material should not be redistributed
- [Click here for detailed disclaimer](#)