

| INR Pairs (Trading Range for the Day – March Futures) |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
|   | USDINR        | EURINR        | GBPINR        | JPYINR        |
| LTP (% Change)  | 76.26 (-0.37) | 84.03 (-0.27) | 99.83 (-0.22) | 64.61 (-0.38) |
| Intraday View   | Downward      | Rangebound    | Upward        | Rangebound    |
| Technical Range                                       | 75.80-76.40   | 83.70-84.30   | 99.85-100.45  | 63.80-64.45   |

| Important Indicators |       |             |
|----------------------|-------|-------------|
|                      | DX    | BRENT CRUDE |
| LTP                  | 98.36 | 98.90       |
| 1W back              | 98.52 | 109.06      |
| 1M back              | 95.80 | 92.91       |



**USDINR Futures (March)**

US Fed hiked rates by 25 bps and forecasted 6 more 25-bps hikes over the next 6 meetings this year. Balance sheet size will be reduced but have not been mentioned, whether it will be a gradual run-off or additional asset sales will be undertaken. On a whole the policy was hawkish but it was expected. As a result, US Dollar Index weakened and so did USDINR. Long liquidation started well before Fed, with the sharp fall in oil prices. As long as oil prices continue to drift lower, USDINR may see more adjustment in positioning, which has the potential to drag prices towards 75.30/40 levels on spot. Additionally, the last two weeks of March tend to see more than usual selling from corporates. Therefore, assuming global markets remain risk-on, then USDINR can drift lower towards 75.30 levels, or even 75.00. However, with Fed so hawkish, moves below 75.00 look unlikely. **For now, look to sell on rising with a stop above 76.40 on March futures, on a daily closing basis.**

**GBPINR Futures (March)**

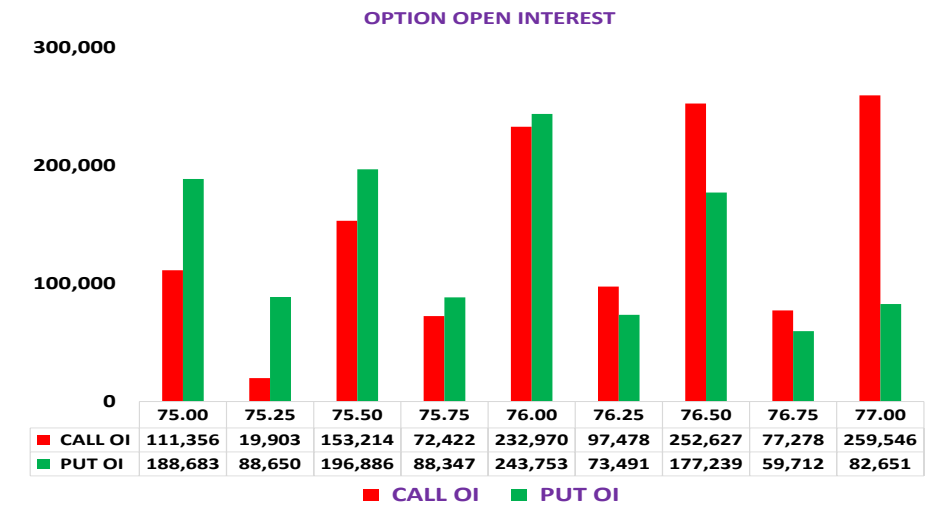
GBPUSD has begun to recover ahead of the BOE meeting tonight. BoE is expected to hike rates for the third time and take bank rate to 0.75%. We expect BOE to upgrade inflation forecast as well. Last month a slim majority of five, including Governor Andrew Bailey, voted to raise rates by 25 basis points, rather than a bigger 50 basis point hike. This time around, there has been some rethinking amongst traders as to how hawkish BOE will be? But even if BOE sounds cautious, GBPUSD is likely rise over the near term. GBPINR will see muted up move if USDINR continues to slides lower.

**EURINR Futures (March)**

EURUSD got a boost from a post FOMC pullback in the US Dollar index. However, policy divergence between ECB and US Fed is not going to go away any time soon. Rising cases of COVID in western Europe needs to be monitored. European economy is far more vulnerable to supply-inflation shock due to high commodity prices and supply chain disruptions, than the US economy. Therefore, we do not expect ECB to be aggressive in their monetary policy stance. Therefore, EURINR may remain rangebound due to slightly firmer EURUSD & weaker USDINR.

**JPYINR Futures (March)**

USDJPY may pullback from lofty levels and that is positive for JPYINR. However, weakness in USDINR will be negative for JPYINR. Therefore, JPYINR may see ranged trading over the near term.



|                             | Spot            | Futures                    |                             |
|-----------------------------|-----------------|----------------------------|-----------------------------|
|                             |                 | Weekly Expiry<br>25-Mar-22 | Monthly Expiry<br>29-Mar-22 |
| USDINR LTP / (Previous Day) | 76.26 / (76.60) | 76.23 / (76.62)            | 76.26 / (76.64)             |
| ATM Vols (in %)             | 76.25           | 6.50%                      | 6.45%                       |
| ATM Straddle Price          |                 | 0.62                       | 0.74                        |

| Historical Volatility |       |
|-----------------------|-------|
| 5 days Rolling        | 5.21% |
| 21 days Rolling       | 8.45% |

**What Options Open Interest (OI) Saying?**

Large OI in the 76 put options should be a sign of strong support around those levels on futures. At the same time, 76.50 should offer strong resistance due to high call open interest. Implied volatility has continued to decline and further erosion is likely.