

INR Pairs (Trading Range for the Day – May Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	77.83 (0.28)	81.31 (0.64)	96.07 (1.40)	60.20 (0.02)
Intraday View	Upward	Range bound	Range bound	Range bound
Technical Range	77.20-77.60	80.25-80.75	94.30-94.80	59.80-60.35

Important Indicators		
	DXY	BRENT CRUDE
LTP	104.17	113.63
1W back	103.92	101.51
1M back	100.82	112.68



USDINR Futures (May)

Oil prices have jumped to \$ 114 on Brent as the market is betting on gradual unlocking in China. Chinese economy has grind to a halt after China announced severe lockdown across major economic centers but it is expected that gradual unlocking will allow supply chain issues to reduce and demand to flow in the global economy. However, for the Rupee it is a mixed bag signal. On one hand, Chinese economy coming back to life is positive news for EM in general but if oil prices rise too much on that development, then it can make Rupee toil.

USDINR has opened higher at fresh all time high at 77.67 on spot but the gaps have not sustained before. Therefore, it is not advisable to chase prices and go long. One can wait for a pullback and filling of the opening gap and then look for long positions via futures or options. Bias continues to upward as long as prices hold above previous all-time high of 77 on front month futures, which is May contract now.

GBPINR Futures (May)

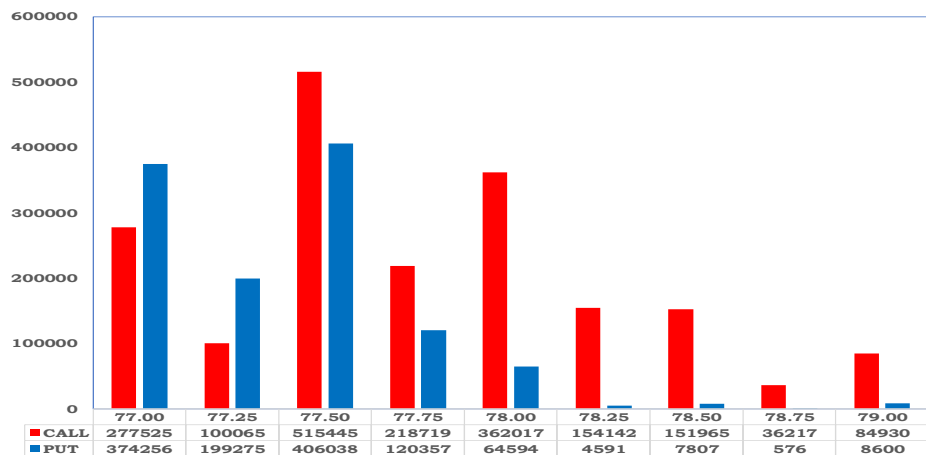
BOE chief re-iterated his concern over high cost of living in UK dragging economic growth. While in December the BoE became the first major central bank to raise interest rates since the start of the pandemic, this did not stop a surge in inflation which hit 7.0% in March and is forecast to have reached a 40-year high of 9.1% in April. BOE has warned that inflation may top 10% mark this year. However, some members of BOE have also voiced support for a faster rate hikes. In all this confusion, GBP remains the casualty as weak global growth, fragile sentiments in risk assets and BOE in dilemma has led to large scale shorting in the currency. CFTC reports indicates, that shorts are running at the record levels in last 5 years. But inspite of such an extreme positioning trade remains downward. GBPINR may draw some support from strong USDINR but with a weak GBPUSD, there can fresh selling at higher levels.

EURINR Futures (May)

Money market in Eurozone is pricing a 90 bps rate hike from ECB over the next 9 months, taking ECB MRR from 50 bps negative to 40 bps positive. ECB has more or less telegraphed their intention to raise rates to at least to zero before year end. Bond purchases are going to end by July as well. However, Euro has not been able to benefit from this shift as US Fed remains far more hawkish with markets expecting rates near 3% by mid of next year. At the same time, weak global growth has been an additional factor for the demand for the US Dollar. All in all, bias remains rangebound in EURINR.

JPYINR Futures (May)

There has been sizable reduction of shorts in the US treasury bonds. This has cooled off the US yields. Weakness in US economy seems to have caused a short covering rise in the US bond prices and consolidation in USDJPY. USDJPY still has scope for upside but it is the strong USDINR which pushed JPYINR higher. Bias remains of a rangebound play in JPYINR over this week.



	Spot	Futures	
		Weekly Expiry 20-May-22	Monthly Expiry 27-May-22
USDINR LTP / (Previous Day)	77.73 / (77.44)	77.75 / (77.50)	77.81 / (77.55)
ATM Vols (in %)	77.75	6.73%	6.63%
ATM Straddle Price		0.40	0.70

Historical Volatility	
5 days Rolling	5.52%
21 days Rolling	6.58%

What Options Open Interest (OI) Saying?

Option sellers are betting on prices to drift higher with 77.50 support. Implied volatility has increased due to gap up in prices to all time high.