

| INR Pairs (Trading Range for the Day – Dec Futures) |               |               |                |               |
|---|---------------|---------------|----------------|---------------|
|   | USDINR        | EURINR        | GBPINR         | JPYINR        |
| LTP (% Change)                                      | 76.26 (-0.20) | 86.05 (-0.01) | 101.10 (-0.18) | 66.73 (-0.39) |
| Intraday View                                       | Upward        | Upward        | Upward         | Upward        |
| Technical Range                                     | 76.00-76.55   | 86.00-86.60   | 101.25-101.80  | 66.95-67.50   |

| Important Indicators |       |        |
|----------------------|-------|--------|
|                      | DXY   | USDCNH |
| LTP                  | 96.02 | 6.3766 |
| 1W back              | 96.05 | 6.3767 |
| 1M back              | 95.81 | 6.3743 |



**USDINR Futures (Dec)**

USDINR witnessed a profit taking dip yesterday as market rebalanced its positioning post Fed. FPI selling remains a major driver of USDINR and along with that the policy divergence of dovish RBI and hawkish US Fed should be a major worry for carry traders. It is estimated RBI may be holding \$45-\$50 billion of long positions via forwards. On the other end of the long forwards are the exporters and carry traders. Therefore, it can be said market is still short on USDINR. Therefore, if prices keep pushing higher, than the short covering from carry traders can cause trouble for Rupee. We expect RBI to be super active closer to 77 levels, all the time high, as they would look to calm down volatility and also book profits on their derivative longs and increase their dividends to the GoI in March 2022. **Bias remains upward as long as USDINR Dec futures holds above 76.00 and spot above 75.90. Minor resistance is near 76.50, followed by 76.90/77.00 levels. Below 76.00, bullish bias negated.**

**GBPINR Futures (Dec)**

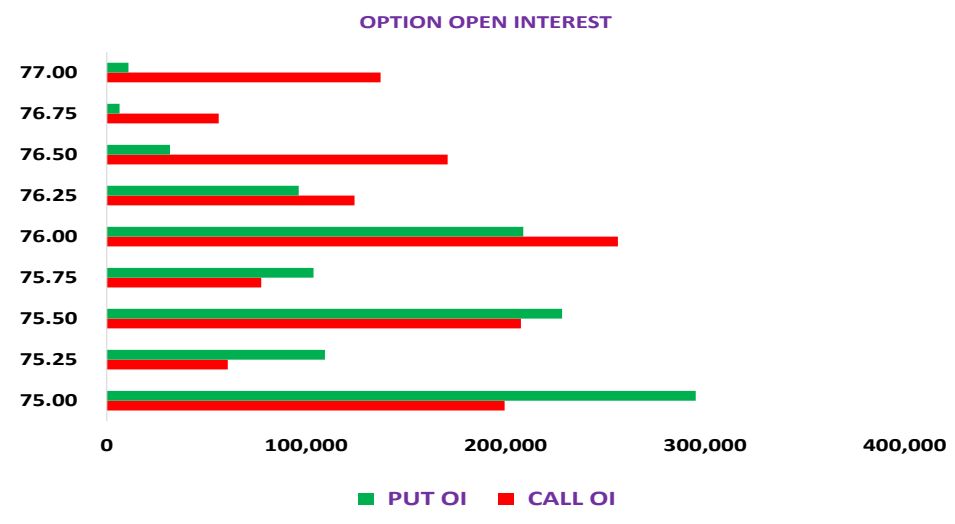
BOE was the first one off the blocks amongst major central bankers, to hike rates. They raised rates from 10 bps to 25 bps and that triggered a sharp rally in GBPUSD. In UK growth has been ramping up and inflation surging. Thanks to hawkish BOE, GBPINR is in uptrend. **Therefore, buy on decline is advised as strong USDINR will be an added bonus.**

**EURINR Futures (Dec)**

ECB's bond buying under its 1.85 trillion euros Pandemic Emergency Purchase Programme, is due to end in March 2022. Bond buys under the Asset Purchase Programme, will be ramped up to \$ 40 billion from \$20 billion now. EURUSD rallied on the back of short covering and that should keep EURINR strong, thanks to strong USDINR. **Hence, bias remains upward for EURINR for the day.**

**JPYINR Futures (Dec)**

JPYINR gained on the news that Bank of Japan will be tapering COVID support measures. This was expected but nevertheless JPYINR gained, thanks to a combination of weak USDJPY and strong USDINR. **Bias for the day remains upward. Major support near 67.00 levels.**



|                             | Spot            | Futures                    |                             |
|-----------------------------|-----------------|----------------------------|-----------------------------|
|                             |                 | Weekly Expiry<br>24-Dec-21 | Monthly Expiry<br>29-Dec-21 |
| USDINR LTP / (Previous Day) | 76.08 / (76.23) | 76.17 / (76.38)            | 76.20 / (76.40)             |
| ATM Vols (in %)             | 76.25           | 4.90%                      | 4.00%                       |
| ATM Straddle Price          |                 | 0.35                       | 0.44                        |

| Historical Volatility |       |
|-----------------------|-------|
| 5 days Rolling        | 4.27% |
| 21 days Rolling       | 3.35% |

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

Option open interest is large in 76 strikes put, which also happens to be a major support on charts. At the same time 77 strike is seeing build up in open interest. Implied volatility is expected to rise as long as USDINR maintains its uptrend.

**Disclaimer & Contact:**

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