

INR Pairs (Trading Range for the Day – Jan Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	74.33 (0.12)	84.94 (-0.08)	101.64 (-0.21)	64.98 (-0.17)
Intraday View	Upward	Rangebound	Upward	Rangebound
Technical Range	74.10-74.55	84.55-85.05	101.25-101.75	64.70-65.10

Important Indicators		
	DXY	BRENT CRUDE
LTP	95.19	86.65
1W back	95.60	83.62
1M back	96.50	72.08



**USDINR Futures (Jan)**

When oil prices spiral higher a typical trade comes into vogue in the emerging market space, long FX of oil producers and short FX of major oil consumers. Higher oil prices are like a tax on consumers and consumption being over half of the Indian economy, higher oil prices tend to hurt the Indian economy more than it benefits on an aggregate basis. Due to this, Rupee and Rupee assets tend to underperform their peers around the world when oil prices inch towards the triple-digit mark. It was during 2018 when surging oil and rising US rates had triggered a big depreciation in the Rupee. However, this time around such a drive is missing. But keep a close watch. Such trades can suddenly make an appearance. **Technically, USDINR may have formed a bottom near 73.75/80 levels on spot. However, the open question remains, how long will it be before USDINR manages to move out of the 73.80-74.55 range and move higher? It needs a risk-off trigger for that to happen. One can focus on option selling to benefit from this range. One can even look to buy futures near the lower end of the range, as RBI intervention remains active.**

**GBPINR Futures (Jan)**

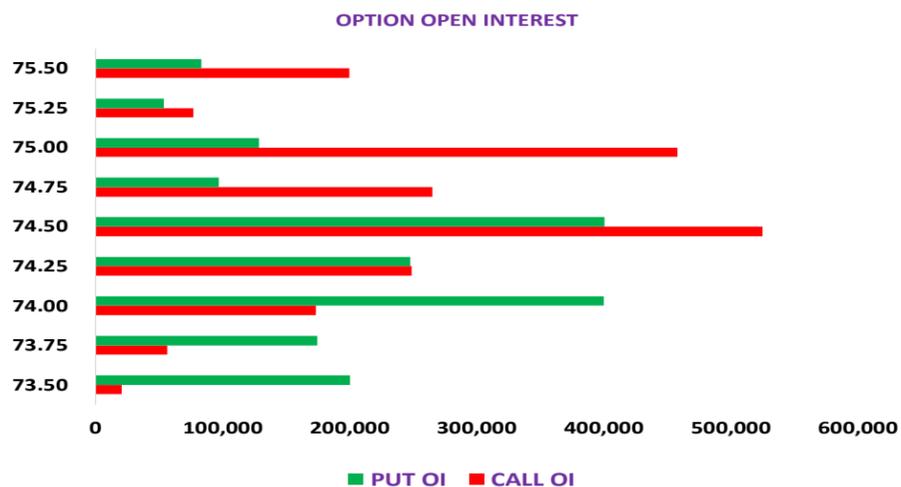
CFTC report clearly shows that speculators are yet to fully cover their large shorts in GBPUSD. Short covering, thanks to improving economic outlook in UK and hawkish BOE has been the driver of GBPUSD and GBPINR since December. After a rise from 99.50 levels to 102, GBPINR could be in for a consolidation between 101 & 102 levels. **However, bias remains upward as long as the pair manages to hold above 100.80.**

**EURINR Futures (Jan)**

Such has been the shift in the central bank rate sentiments that traders are now pricing a first hike from ECB by September of this year. We see a rate hike from ECB as a low probability event. However, this expectation has fueled some short covering rally in Euro. However, EURINR may not have the legs to force a major short covering. **Therefore, we expect a rangebound price action in EURINR.**

**JPYINR Futures (Jan)**

Strong US bond yields and surging oil prices are a double negative for JPY but if USDINR can manage to move higher, then it may offset some of that negative. Therefore, JPYINR could be in for a period of sideways to downward movement. One can look to sell on rise in the pair.



	Spot	Futures	
		Weekly Expiry 21-Jan-22	Monthly Expiry 27-Jan-22
USDINR LTP / (Previous Day)	74.24 / (74.16)	74.30 / (74.16)	74.33 / (74.21)
ATM Vols (in %)	74.25	4.50%	4.30%
ATM Straddle Price		0.25	0.40

Historical Volatility	
5 days Rolling	3.26%
21 days Rolling	4.03%

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

Option writers have accumulated large open interest in 74.50 strike call options and 74.00 put options, suggesting a range of 74.00 and 74.50 levels. If USDINR manages to squeeze 74.50 strike call writers, then IV can rise by 30/40 bps.

**Disclaimer & Contact:**

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