

INR Pairs (Trading Range for the Day – May Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	77.68 (0.14)	81.73 (0.09)	96.36 (-0.32)	60.20 (0.32)
Intraday View	Upward	Range bound	Range bound	Range bound
Technical Range	77.50-78.00	81.50-81.98	96.11-96.61	60.00-60.50

Important Indicators		
	DXY	BRENT CRUDE
LTP	103.63	110.46
1W back	104.74	107.82
1M back	100.99	107.49



**USDINR Futures (May)**

USDINR opens higher, tracking global markets. Overnight US equities plunged after a 3-day rally. Risk sentiments remain fragile as monetary policy tightening from the US central bank, weak global growth, and persistently higher inflation. It is not just the Fed, even RBI has turned very hawkish. Minutes of the last RBI meeting clearly indicate that RBI, like other central bankers, wants to tighten early and tighten hard. Central bankers are finding themselves behind the curve and hence the need to push up rates and tighten liquidity.

Interestingly, Rupee has not taken the RBI shift well. RBI may have spooked foreign investors and carry traders. That's why, post-May 4th, when RBI shocked market with a rate hike and CRR hike, Indian Rupee has gone from being an outperformer to an underperformer amongst major global currencies. Therefore, RBI has a tough fight on its hands, as it would have to intervene aggressively to prevent a slide in Rupee beyond 78 levels against the US Dollar. For the near term, one can use ratio call spreads to bet on the upward drift. At the same time, very large OI in OTM call options and OTM put options indicate a range bound play till May expiry between 77.00 and 78 levels with 77.50 as major support. However, short straddle and strangle positions need to have adequate stops to prevent being trapped in case of a breakout.

**GBPINR Futures (May)**

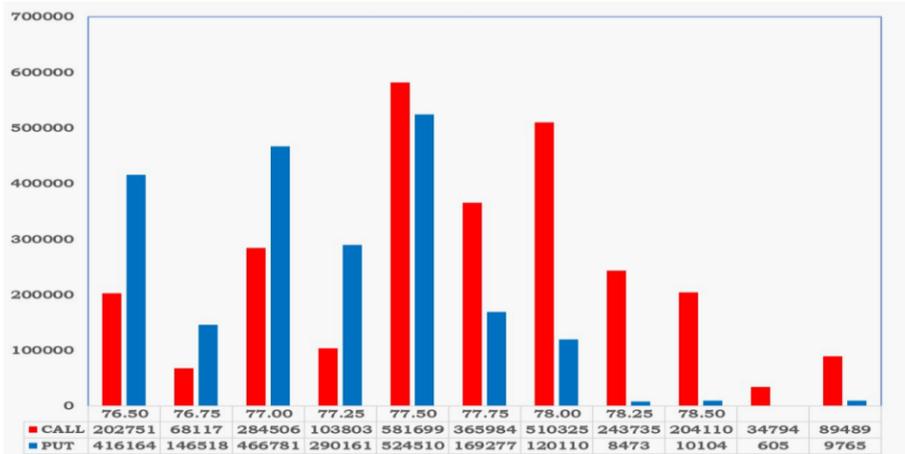
UK CPI inflation rose 2.5% month-on-month in April, up from 1.1% previously, but underwhelming against the 2.6% the market was expecting. Month-on-month core inflation rose 0.7% which also undershot expectations for 0.8%. This along with fragile risk sentiments, dragged GBPUSD and GBPINR lower. The inflation data is not going to shift the dial on the number of interest rate hikes the Bank of England will deliver over the coming months. However, strong wage growth data on Tuesday should help GBPUSD and GBPINR. Therefore, we could see GBPINR trade with an upward bias over the near term.

**EURINR Futures (May)**

ECB policymakers continue to signal policy rates above zero before the end of the year. Money markets in Eurozone have priced that in. However, it is unable to support EUR much, barring the last couple of days of short-covering rally, due to super hawkish comments from the US Fed. However, with Rupee underperforming its peers, EURINR may draw some support. We expect EURINR to remain range-bound over the near term.

**JPYINR Futures (May)**

A pullback in the US bond yields and strength in USDINR is pushing JPYINR higher. Risk-off sentiments in global equity markets are an added supporting factor. We expect JPYINR to trade with an upward bias over the near term.



	Spot	Futures	
		Weekly Expiry 20-May-22	Monthly Expiry 27-May-22
USDINR LTP / (Previous Day)	77.66 / (77.58)	77.68 / (77.64)	77.71 / (77.68)
ATM Vols (in %)	77.75	7.50%	6.01%
ATM Straddle Price		0.30	0.55

Historical Volatility	
5 days Rolling	5.21%
21 days Rolling	6.64%

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

Option sellers are betting on prices to drift higher with 77.50 support. Implied volatility has declined due to RBI intervention in spot.