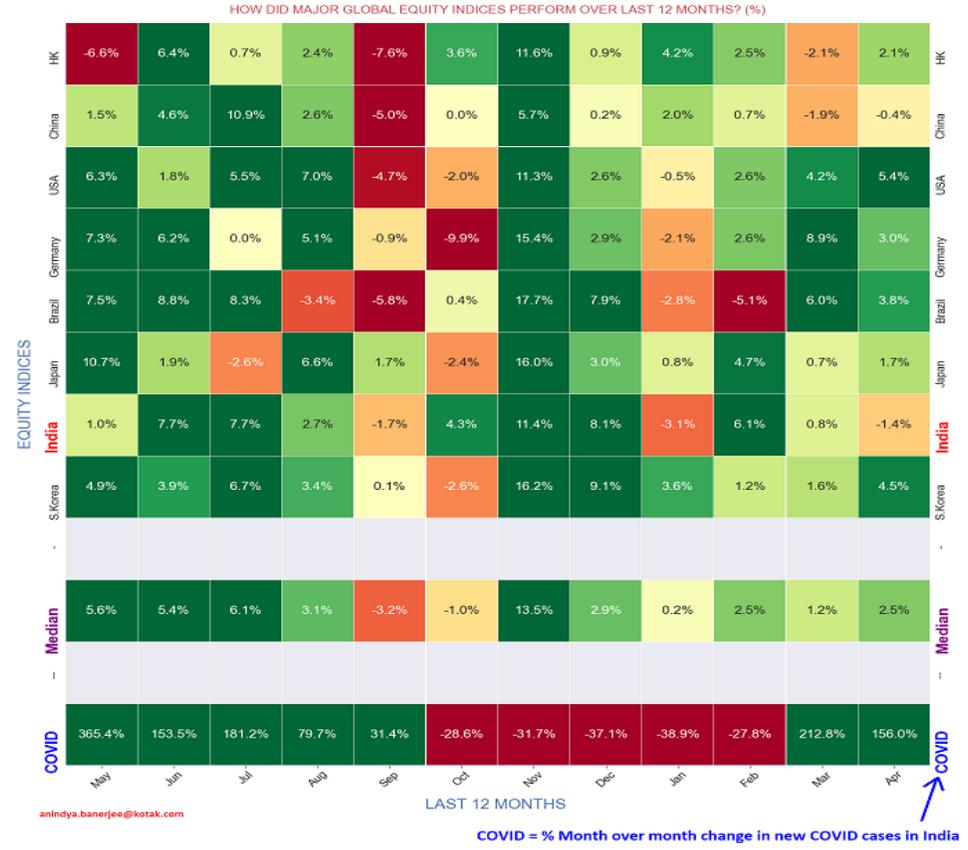
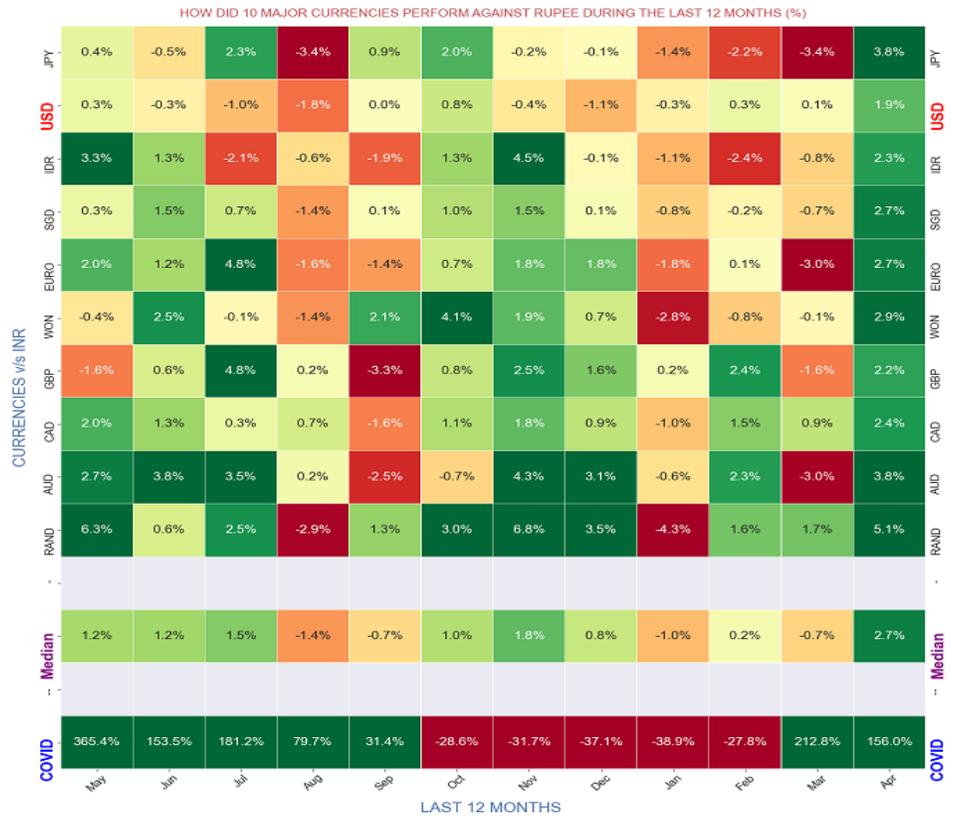




***Rupee is seeing broadbased weakness...***

*Anindya Banerjee, CMT, CFTe, CCRA*

# HEATMAPS



- Heatmap on left shows how Rupee fared against major global currencies. **Shades of Green** denotes, those currencies doing well against the Indian Rupee and **shades of red** denotes Rupee strength.
- Heatmap on right shows how Sensex and other major global equity indices fared over the last 12 months. **Shades of Green** denotes, positive close and **shades of red** denotes negative close.
- In both these graphs, it is clear, covid situation in a country, here India, is going to make its currency and equity markets outperform or underperform its global peers. **From risk on or risk off, we are in Covid on or covid off trends in financial markets.**



# USD/INR

➤ **Storyboard:**

- ❑ USDINR once again ran into resistance and supply near 75.00 handle on spot. **There is a clear cut divergence between Indian Rupee and its peers in the world.** This divergence is due to the surge in covid cases, which is going to materially impact economic momentum. However, allowing vaccinations for all adults from May, is a positive step and **once this covid curve peaks, Indian Rupee and Nifty can play catch up to its peers.**

➤ **Trade Pointer:**

- ❑ **OI build up in OTM calls** in USDINR and chart levels suggest that the region between 75.05/75.30 will act as a strong resistance. At the same time, **large OI in strikes between 74.00/74.50 put options** suggest that there will be strong zone of support. Combining with the chart levels, it seems USDINR is now ranged b/w 74.00/75.25.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	74.35	74.60	74.81	75.05	75.30



**EUR/USD**  
**&**  
**EUR/INR**

➤ **Storyboard:**

- ❑ Weakness in US Dollar is enough to push most major currency pairs higher and EURUSD is no exception. When reflation trade is the game in town, all positive economic measures and economic outcome work against the US Dollar and in favour of risk assets and risk currencies. We are seeing that kind of phase.

➤ **Trade Pointer:**

- ❑ EURUSD managed to punch through the resistance near 1.20. EURUSD may attempt a test of 1.2130/40 levels. EURINR will remain a high beta on USDINR. Hence, volatility will be high. Bias remains upward in EURINR.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
<b>EURINR</b>	89.85	90.10	90.27	90.50	90.85

**GBP/USD  
&  
GBP/INR**



➤ **Storyboard:**

- This week is going to be data heavy for GBP. With jobs data, retail sales, inflation and PMI numbers up for release. Data is expected to be strong and that may provide the necessary strength to GBP pairs.

➤ **Trade Pointer:**

- GBPUSD is showing signs of resuming the uptrend. With Rupee once again under selling pressure, GBPINR remains a buy on decline. It may test 105.20/30 levels on April futures.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	104.30	104.50	104.68	104.85	105.20



**USD/JPY  
&  
JPY/INR**

➤ **Storyboard:**

- ❑ USDJPY is managing to hold the trendline support. A weak USD is being countered by risk on and recovery in the US yields.

➤ **Trade Pointer:**

- ❑ USDJPY is nearing a major support zone near 107.80. Fresh shorts need to be avoided. JPYINR will remain a play on USDINR.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	68.60	68.80	69.00	69.25	69.45

# FPI FLOWS

( \$ Million)		
MONTH	EQUITY	DEBT
May-20	1,929	(2,902)
Jun-20	2,890	552
Jul-20	1,018	(568)
Aug-20	6,294	368
Sep-20	(1,052)	896
Oct-20	2,661	314
Nov-20	8,132	326
Dec-20	8,420	1,227
Jan-21	2,658	(660)
Feb-21	3,539	(246)
Mar-21	1,444	902
Apr-21	(726)	217
<b>LTTM</b>	<b>37,207</b>	<b>426</b>

- The three macro factors that drive the value of USDINR: (i) Carry trade done by speculators by selling USDINR forwards/futures and rolling it (ii) FDI & FPI flows (iii) RBI intervention.
- Alongwith macro and technical factors, Intermarket has significant impact on USDINR. Keep an eye on (i) US Dollar Index (ii) Global equity indices (iii) Oil prices- The negative impact of oil on Rupee is more pronounced when period of high oil prices coincide with period of USD shortage (iii) Asian currencies against US Dollar
- FPI flows remain negative for the month of April and that is weighing on the Indian Rupee.

# Disclaimer

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