

INR Pairs (Trading Range for the Day – May Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	77.70 (0.03)	81.80 (0.07)	96.50 (0.15)	60.85 (1.12)
Intraday View	Range bound	Range bound	Range bound	Range bound
Technical Range	77.50-77.90	81.50-82.05	96.25-96.75	60.60-61.10

Important Indicators		
	DXY	BRENT CRUDE
LTP	103.07	110.88
1W back	104.45	111.16
1M back	100.30	107.27



USDINR Futures (May)

Ever since the gap through the 77 handle on May 6th, USDINR has had an upward drift but no momentum. As a result, futures traders are largely in soup, unless they are doing intra-day scalping. Thanks to aggressive intervention from RBI, speculators have not been allowed any freehand. Generally, when a market breaks above the previous all-time high, after repeated failures, the tendency remains to run higher and faster but that has not happened in the case of USDINR, as it is not a freely traded currency pair. That's why we warn newbies from relying too much on technical analysis tools over here. Technical analysis works well in markets that are driven by greed and fear, or freely traded markets, for example, EURUSD or GBPUSD. We find it amusing that some folks use untested tools like Elliot wave, harmonics, and other wave theories in trying to forecast USDINR. Before jumping into the tools of analysis, it is always advisable to spend time, understanding how the market functions and who are the drivers, and their objectives. Here RBI has a little profit motive and it remains one of the biggest players in the INR market. One can say, RBI's objective is to contain volatility. Hence, option strategies are better suited most of the time and futures a few times in the year.

For the time being, USDINR is basically range bound. A rate cut from the Chinese central bank is driving positive risk sentiments today. Option sellers seem to be convinced that between RBI intervention and mixed cues from global markets, USDINR will remain between 77 and 78 till May end. Near term support is 77.50 and 77.30 on futures. Resistance near 77.80/90 levels. Focus on credit strategies via options.

GBPINR Futures (May)

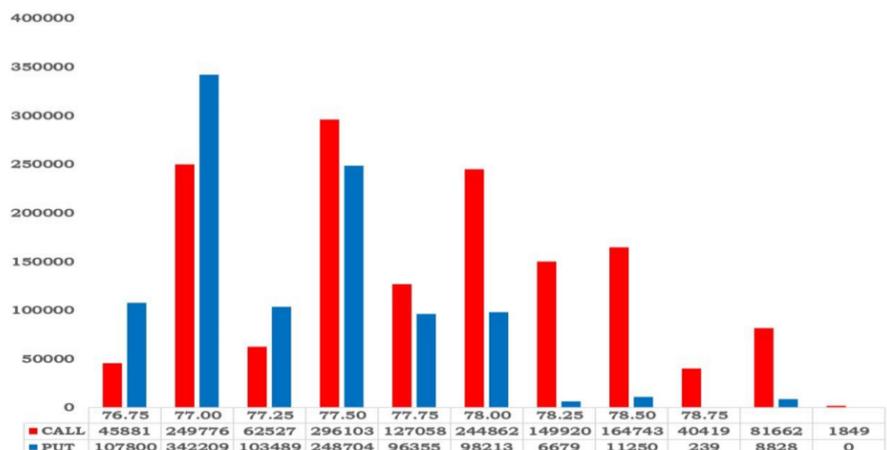
A sharp jump in UK bond yields relative to US bond yields helped GBPUSD and GBPINR recover. Today UK retail sales for the month of April will be out and the expectation is for a drop of 0.3% month of the month. A better than expected data can send GBPINR higher, whereas a weaker one will be negative. Therefore, keep a close watch on the data. Data is due on 11:30 am IST.

EURINR Futures (May)

Euro remains range-bound to slightly higher. EURUSD is drawing support from the expectation that ECB will raise rates in July and thereafter. However, for EURUSD to rally meaningfully there needs to be broad-based long liquidation in the US Dollar. There has been some narrowing of yield differential and even the relative economic momentum is supportive of a higher EURUSD but the trigger has to come from other currencies.

JPYINR Futures (May)

With USDJPY and USDINR, both drifting lower, JPYINR has no direction. After a nice pop over the past couple of trading sessions, JPYINR could be in for range-bound price action with 61.20 as the cap and 60.40 as the floor.



	Spot	Futures	
		Weekly Expiry 03-Jun-22	Monthly Expiry 27-May-22
USDINR LTP / (Previous Day)	77.54 / (77.72)	77.62 / (77.74)	77.60 / (77.70)
ATM Vols (in %)	77.50	5.66%	5.58%
ATM Straddle Price		0.68	0.48

Historical Volatility	
5 days Rolling	5.08%
21 days Rolling	6.53%

What Options Open Interest (OI) Saying?

Option sellers are betting on a range between 77 and 78. Implied volatility has declined due to RBI intervention in the underlying.