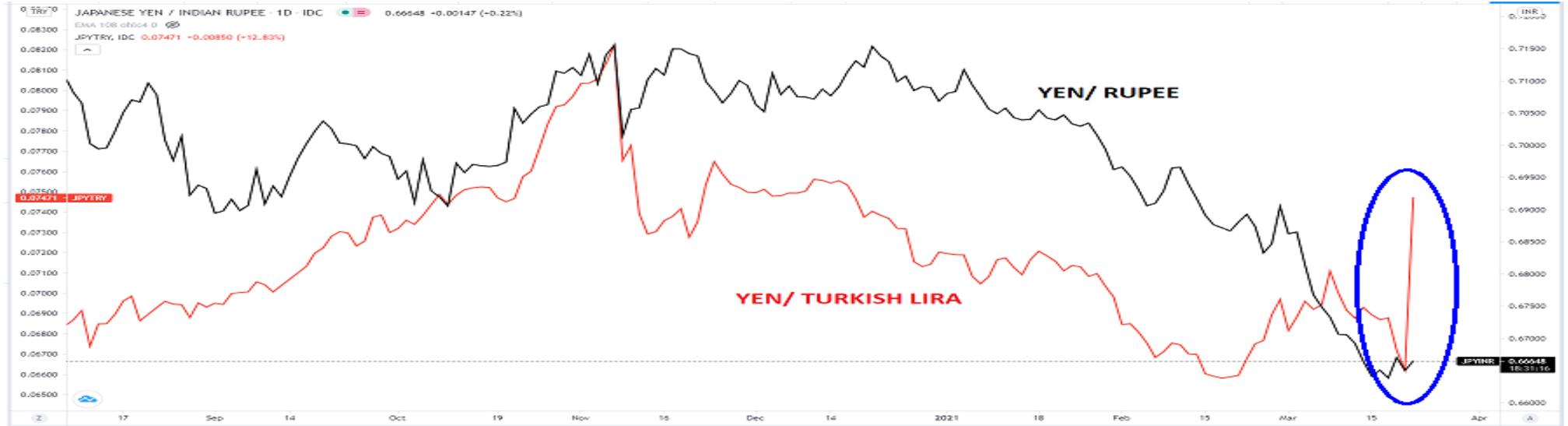




***Plunge in Turkish Lira can be +ve JPYINR***



USD/JPY  
&  
JPY/INR

- **Recap:** JPYINR March futures closed flat marginally higher around 66.71 levels.
- **Trade Pointers:**
  - ❑ It is estimated that Japanese investors may have taken sizable long exposure in Lira and short position in Yen to benefit from formers double interest rates. That trade may be forced to unwind after Turkey fires its governor.
  - ❑ Turkish Lira is down well over 10% today and further losses are anticipated. It is believed that Turkish central bank is running low of FX reserves and hence its ability to defend the currency remains limited, especially if it is forced to cut rates by the government.
  - ❑ In such a circumstances, Japanese investors may be forced to unwind their short JPY and long TRY bets, which may push JPY higher.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	66.30	66.55	66.71	66.90	67.30



➤ **Recap:** On Friday, USDINR was caught within a narrow range and closed marginally higher around 72.58 on March fut.

➤ **Markets' today:**

- ❑ **The news of the morning is the double digit % plunge in Turkish Lira after the governor was sacked.**
- ❑ Weakness in Lira may have limited impact on the Indian Rupee.
- ❑ Asian equities are mixed but Japan's Nikkei is down as Japanese investors have exposure to Lira.
- ❑ Brent crude is down to \$64 and US bond yields have also cooled-off with 10 year at 6.68%.

➤ **Trade Pointers:**

- ❑ USDINR Mar fut face resistance near 72.67 levels. Above 72.67 the pair can be bought for 72.90 & 73.10.
- ❑ Positional view remains bearish as long as the pair holds below 73.60 on spot.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	72.40	72.45	72.58	72.67	72.90



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

- **Recap:** EURINR Mar fut closed 40p lower on Friday at the lowest point in the last six months.
- **Economic data:** Europe is in the grip of a third COVID wave. With vaccinations slow and fiscal stimulus missing, the ongoing lockdowns can have significant negative impact on their economies.
- **Markets' today:**
  - EURINR to remain under pressure as weakness in EURUSD more than offset strength in USDINR.
- **Trade Pointers:**
  - EURUSD is in bearish price trend.
  - A weak EURUSD and rangebound USDINR means EURINR a sell on rise for a target of 85.80/86.00.
- **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	86.25	86.50	86.76	86.90	87.15



- **Recap:** GBPINR Mar fut closed 44 paise lower at 101.06. Strong USD is pulling the pair lower.
- **Markets' today:**
  - ❑ UK economy is midst of a consumer boom. As the economy reopens, demand will improve.
  - ❑ GBP may continue to outperform the Euro as formers economic strength is better than Eurozone.
- **Trade Pointers:**
  - ❑ GBPUSD is being pulled by a strong USD. Keep a watch on supports near 1.3770 and 1.3750.
  - ❑ GBPINR has strong support near 100.00 levels.
- **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	99.95	100.25	101.06	100.65	101.00

GBP/USD

&

GBP/INR

# FPI FLOWS

MONTH	(\$ Million)	
	EQUITY	DEBT
Apr-20	(904)	(1,057)
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	1,986	(822)
<b>FY21</b>	<b>35,585</b>	<b>(1,750)</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
- Equity inflows are rising in March. In FY21, except for April and September, FPI flows have been positive in the equity segment. However, debt continues to witness relentless outflows, due to adverse macro mix and high borrowing.

# Disclaimer

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