



Rupee is weak but RBI is alert



USD/INR

➤ **Storyboard:**

- ❑ Surge in COVID cases continues in India and that is making Rupee weaken against its peers in DM and EM basket. April has been a brutal month for the Rupee carry traders. COVID lead disruptions are already taking their toll on economic activity and is showing up in various high frequency indicators. However, the silver lining is, once the wave peaks, Rupee can catch up to its peers in emerging market space.

➤ **Trade Pointer:**

- ❑ **OI build up in OTM calls** in USDINR and chart levels suggest that the region 75.50 will act as a strong resistance. At the same time, **large OI in strikes between 74.50/74.75 put options** suggest that there will be strong zone of support. Combining with the chart levels, it seems USDINR is now ranged b/w 74.75 and 75.50 for the time being

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	74.65	74.90	75.08	75.35	75.55



EUR/USD
&
EUR/INR

➤ **Storyboard:**

- ❑ ECB meeting tonight is expected to be a non-event but volatility in Euro picks up post meeting. Vaccination is occurring in Eurozone but pace remains slow compared with its peers across the Atlantic. This will mean economic momentum in Eurozone will continue to lag that UK or US.

➤ **Trade Pointer:**

- ❑ EURUSD has run into supply near 1.21 handle. Near term support is near 1.1995 and 1.1940. 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
EURINR	89.90	90.20	90.32	90.60	90.85



**GBP/USD
&
GBP/INR**

➤ **Storyboard:**

- ❑ Tomorrow's flash PMI and retail sales will be an important event for GBP. With economic rebound underway, as long as each data can beat the expectation, GBP can march higher against Euro, Rupee and the US Dollar.

➤ **Trade Pointer:**

- ❑ GBPUSD is showing signs of resuming the uptrend. As expected GBPINR traded near 105.20, with 105.14 being the high. Bias remains upward.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	104.10	104.40	104.56	104.80	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. If it breaks support, it can aim for 106.80 levels. Bias remains upward in JPYINR.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	69.20	69.40	69.51	69.70	69.95

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	(946)	291
LTTM	36,987	500

- 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.

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- Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +2267132430. Website: www.kotak.com / www.kotaksecurities.com. Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: INZ000200137(Member of NSE, BSE, MSE, MCX & NCDEX). Member Id: NSE-08081; BSE-673; MSE-1024; MCX-56285; NCDEX-1262. AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97.
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