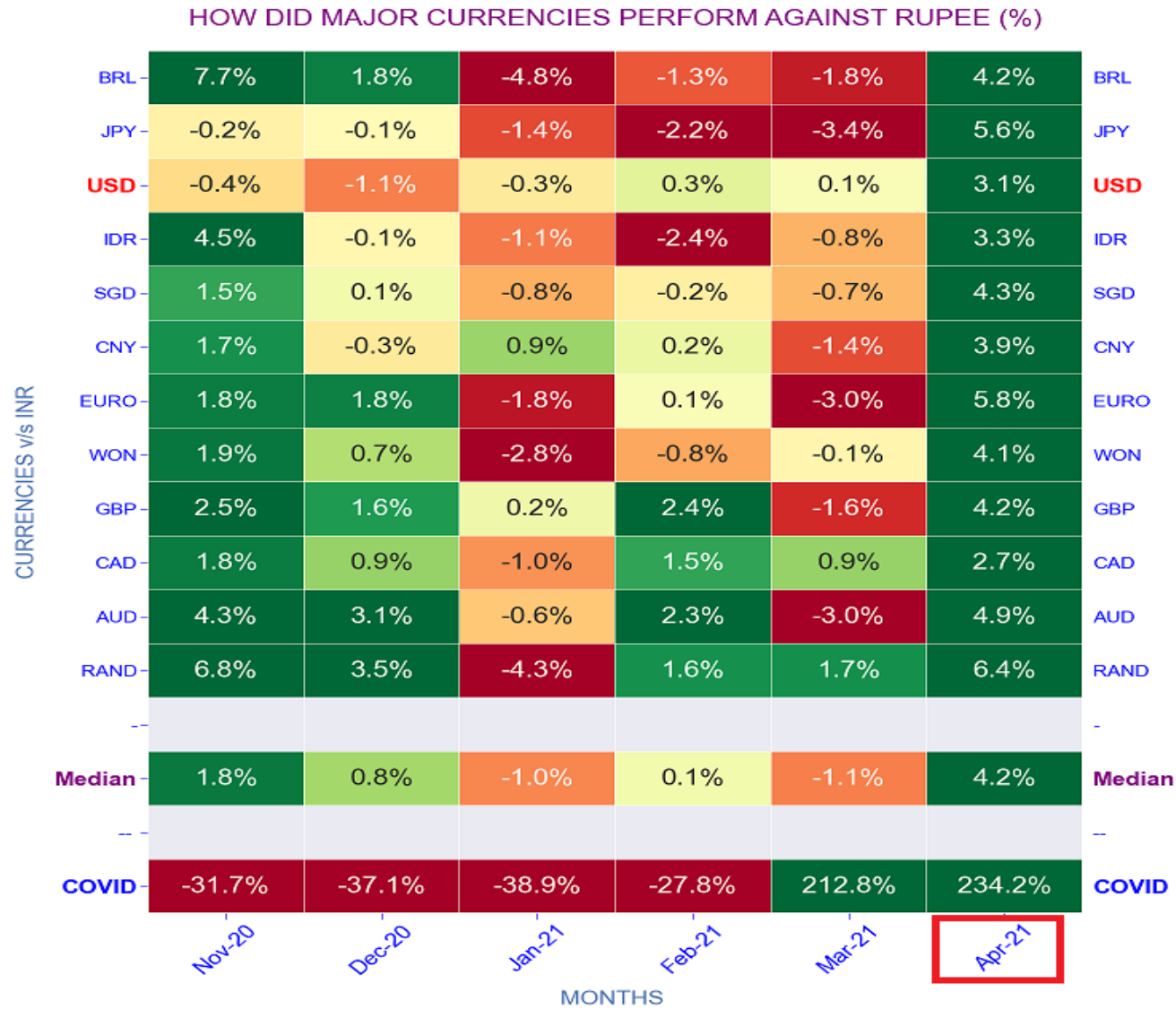


Once COVID peaks, Rupee can outperform

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RUPEE, a play on COVID



Over the month of April , as COVID cases surged, Indian Rupee lost significant ground against its peers. A broad based depreciation. **This trend is expected to flip once the cases peak**, leaving Rupee with a significant ground to catch up.

USD/INR



➤ **Storyboard:**

- ❑ Covid is known risk for the Indian Rupee. However, as long as the surge persists, it will remain a headwind but if RBI remains an aggressive seller of \$, USDINR can remain capped below 75.50. Once situation improves, Rupee can appreciate.

➤ **Trade Pointer:**

- ❑ Call writing has been more than put writing yesterday, indicating that option writers are betting on a down move in prices. Positional traders can look to sell near 75.20/40 on spot basis for a target of 74.25 and 73.75.

➤ **Levels to watch:**

| Futures | S2 | S1 | CMP | R1 | R2 |
|---------|-------|-------|-------|-------|-------|
| USDINR | 74.42 | 74.70 | 74.92 | 75.15 | 75.50 |



EUR/USD
&
EUR/INR

➤ **Storyboard:**

- ❑ As expected ECB proved to be a non-event. There was some expected post meeting volatility but the pair was more driven by talk of US going for a steep hike in capital gains tax to 43%. This may more a negotiating tactic to settle for mid level under 30%. However, the more US talks about tighter regulations for businesses and higher taxes for companies and individuals, US Dollar may remain under pressure.

➤ **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.

➤ **Levels to watch:**

| Futures | S2 | S1 | CMP | R1 | R2 |
|---------------|-------|-------|-------|-------|-------|
| EURINR | 89.50 | 89.80 | 90.08 | 90.20 | 90.50 |



**GBP/USD
&
GBP/INR**

➤ **Storyboard:**

- ❑ Today'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 | 103.30 | 103.60 | 103.84 | 104.05 | 104.35 |

U.S. Dollar / Japanese Yen - 1D - OANDA ● ● O 107.980 H 108.004 L 107.804 C 107.889 -0.092 [-0.08%]
 EMA 108 ohlc4 O 106.981

USD/JPY => Testing a key support near 107.80. Support levels are 107.80 and 106.80.



**USD/JPY
&
JPY/INR**

➤ **Storyboard:**

- USDJPY continues to drift lower. Talk of higher taxation in US is taking a toll on US yields and US stocks and that combination is negative for USDJPY, especially when the US Dollar is weak.

➤ **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 | 69.00 | 69.20 | 69.40 | 69.55 | 69.80 |

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 | (1,044) | 208 |
| LTTM | 36,889 | 417 |

- 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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