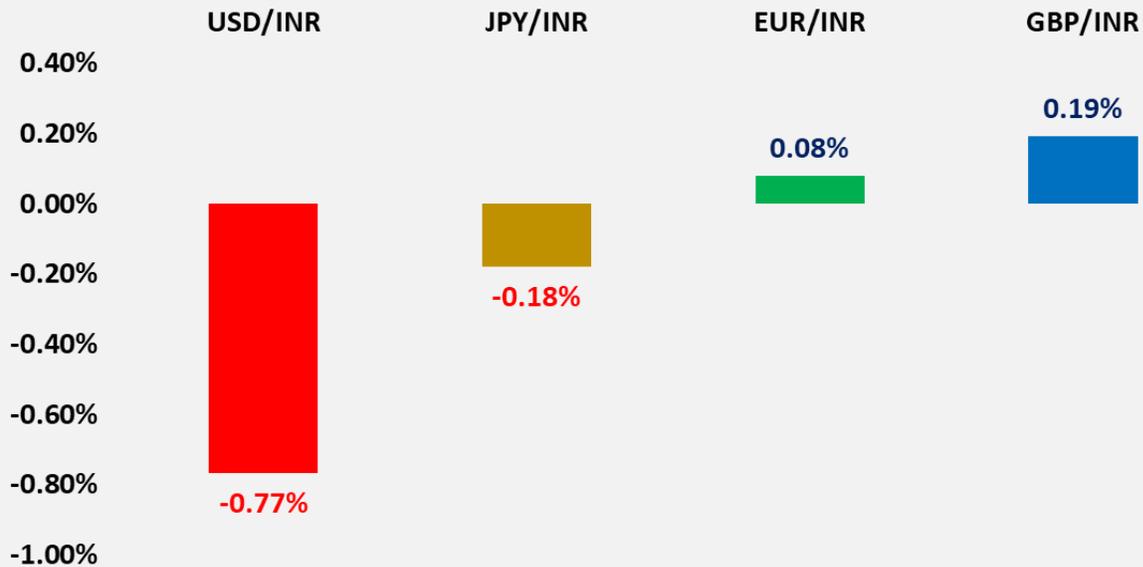


CURRENCY FUTURES WEEAK AHEAD: Strong Rupee all the way

% CHANGE OVER THIS WEEK



Currency	June Fut	Week ahead bias	Range next week
USD/INR	73.23	Downward	72.90-73.50

- Minutes of the last US central bank meeting was the key data of this week. A lot was riding on it. US Dollar bulls were betting on a hawkish tilt, but bears were pounding the table for more dovish talk from the members. Interestingly, Fed kept both sides amused.
- On one hand, US central bank issued a warning, that at some point, they will reduce their asset purchases, which is running at \$120 billion a month. But on the other hand, they also hinted that there is low rates are needed for a long period of time to help the lost jobs come back. They also remain unperturbed by the rise inflation. At they see it as transitory.
- In wake of the statement, US Dollar Index rallied a bit but failed to hold its ground and closed lower for the week. It is barely a percent away from 2021 lows at 89.20.

- A weak US Dollar Index augurs well for the USDINR. USDINR traded at lowest levels since end March. In the coming week, Rupee is expected to appreciate further, as Indian equity market and slew of IPOs draw FPI flows. We expect a test of 72.30/40 levels. Bias remains downward.

Currency	June Fut	Week ahead bias	Range next week
EUR/INR	89.52	Rangebound	89.00-90.00

- Eurozone economies are reopening from the COVID lockdown, thanks to improving vaccination rates. This process will ensure that Eurozone economic data improves in the coming weeks.
- We were closely watching the flash PMIs from Eurozone nations as they are a significant barometer of health of the manufacturing and services sectors in the economy. The readings were strong across the board, suggesting that Eurozone recovery very well underway.
- Next week, we just have one important data from Germany, the largest economy of Eurozone. It is IFO sentiment reading, which is their major economic health check. We expect a strong reading in the IFO, which can push the Euro further upward, possibly towards 89.60 levels.

Currency	June Fut	Week ahead bias	Range next week
GBP/INR	104.05	Rangebound	103.00-104.00

- UK has been a shining spot in Europe, thanks to its rapid vaccination of its population. Therefore, it was no surprise to see the economic data released over this week, print stronger. UK flash PMIs signaled gathering strength in the manufacturing and services sectors. At the same time, robust retail sales indicated consumer spending is improving rapidly.
- GBP strengthened on the back of strong economic data from UK but the gains were marginal due to lofty expectations of the market. It is a well-known fact that UK economy will roar back to life and hence, a positive surprise in economic data may have less impact than any negative surprise in the economic data.
- We do not have any significant data from UK next week but we do have to keep a close eye on UK central bank chief's press meets. If he sounds hawkish, it can push GBPINR towards 104 levels. Overall, we expect a rangebound show in GBPINR June futures between 103.00 and 104.00 levels.

Currency	June Fut	Week ahead bias	Range next week
JPY/INR	67.43	Rangebound	66.90-67.70

- JPYINR was largely lackluster due to lack of triggers.
- For the next week, bias remains downward. JPYINR June futures trade within a wide range of 66.90 to 67.70 levels.

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