

INR Pairs (Trading Range for the Day – May Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	77.57 (-0.18)	82.80 (0.71)	96.64 (0.75)	60.84 (0.14)
Intraday View	Range bound	Bullish	Bullish	Bullish
Technical Range	77.20-77.80	82.60-83.20	97.30-98.20	60.60-61.20

Important Indicators		
	DXY	BRENT CRUDE
LTP	102.24	112.93
1W back	103.29	112.71
1M back	101.18	106.10



USDINR Futures (May)

Fragility in risk sentiments remains. The risk-off trades made a comeback after a pause of a couple of days. Tech shares tumbled in the US and that is taking a toll on the Asian equities. Risk-off sentiments are helping USD to climb against majors and also Asian currencies like the Chinese Yuan. Though there are no big moves nevertheless it should be enough to push USDINR higher. The rupee has been an underperformer since the early part of May and therefore, a slightly sour mood is needed in markets to make it depreciate. But of course, RBI will be watching and ready to intervene.

Yesterday in an interview RBI governor made it amply clear what the market knew pretty well. RBI will use all tools: rates, liquidity, and intervention to keep the Rupee stable. A weaker Rupee will fan inflation at a time when it is running well above RBI's upper band and is not expected to dip below 6% anytime soon. Therefore, we could see choppy moves but the drift will be upward as long as the USD maintains its uptrend. Option sellers remain in control as historical realised volatility continues to undershoot implied volatility. Futures can be bought near 77.40/50 region with SL below 77.30. Resistance 77.80 and 78.00 levels.

GBPINR Futures (May)

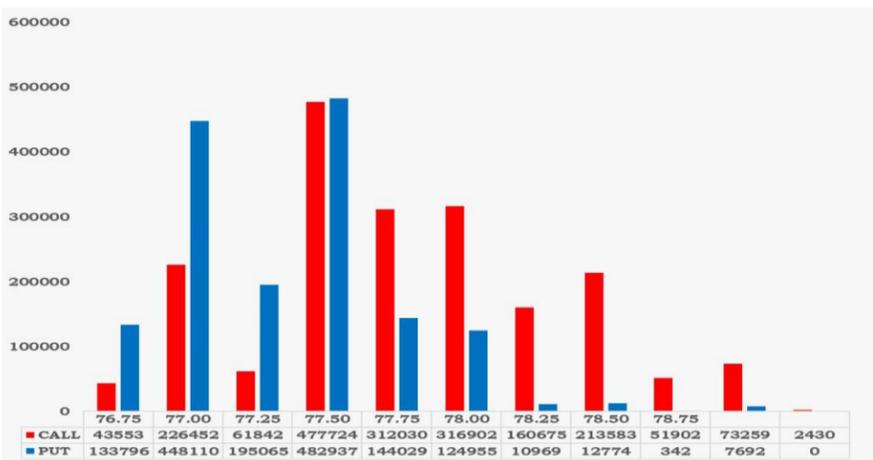
After three days of consecutive gains and a rise of 3.5 rupees from the lows of 94.00, GBPINR is now poised for a pullback and consolidation. Risk-off sentiments can be the trigger for a pullback in GBPINR. Today the focus will be on flash PMI data from the UK. The manufacturing sector PMI will be carefully analyzed to see the extent of disruption from supply chain issues and the impact of inflation. Poor data can send GBPINR lower. The bias remains in volatile choppy trading in GBPINR.

EURINR Futures (May)

The euro rallied yesterday after the European Central Bank president said policymakers would likely lift interest rates out of the negative territory by September. At the same time, Germany's most prominent leading indicator, the IFO index, increased for the second month in a row in May. However, today Euro would be under pressure unless flash PMIs from Eurozone beat expectations. Risk-off sentiments can be negative for EURUSD. Therefore, for the day, bias remains of volatile choppy trading.

JPYINR Futures (May)

The picture remains mixed in JPYINR as USDJPY is showing a downward drift, which is positive but USDINR is also pulling back, which is negative. However, if USDJPY continues to drift down, then JPYINR can drift higher as USDINR remains well supported above 77.40/50 region on futures.



	Spot	Futures	
		Weekly Expiry 03-Jun-22	Monthly Expiry 27-May-22
USDINR LTP / (Previous Day)	77.69 / (77.52)	77.64 / (77.62)	77.58 / (77.57)
ATM Vols (in %)	77.50	5.37%	5.57%
ATM Straddle Price		0.55	0.34

Historical Volatility	
5 days Rolling	4.52%
21 days Rolling	6.36%

What Options Open Interest (OI) Saying?

Option sellers seem to be more interested in writing 77.50 straddle. Implied volatility has declined due to RBI intervention in spot.