

INR Pairs (Trading Range for the Day – May Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	76.74 (-0.23)	82.51 (-0.27)	98.03 (-0.03)	60.13 (-0.06)
Intraday View	Upward	Rangebound	Rangebound	Rangebound
Technical Range	76.10-76.50	82.60-83.00	99.20-99.65	59.40-59.82

Important Indicators		
	DXY	BRENT CRUDE
LTP	101.59	103.43
1W back	100.99	107.49
1M back	99.12	109.48



**USDINR Futures (May)**

Chinese Yuan has strengthened a bit overnight after their central bank said that they would reduce the amount of foreign exchange banks must hold as reserves. US Dollar Index is holding near its highest level since March 2020. US bond yields have pulled back and Brent crude oil prices are hovering near \$102. Asian equity markets are trading in the green with SGX Nifty trading up. All in all, a day of positivity awaits the Rupee. Over the past 2 years, USDINR rallies have been extinguished numerous times around and above 76.50. We could be seeing another failed attempt to cross these levels. With domestic yields cooling off and media reports of LIC IPO likely during first week of May, all the Rupee needs are a few days of stability in the Yuan and a corrective decline in the US Dollar Index to strengthen towards 76.00 levels.

Momentum has been missing in this counter for a long time now. Hence, in spite of the upward drift, options sellers have been able to generate a risk-adjusted return. Futures traders, unless scalping intra-day, have found the conditions quite hazardous.

As for trade, focus on credit strategies via options. Strangles are preferred as 76.00 and 77.00 appear well-marked range. Intra-day or overnight short straddles can also be considered. For folks looking to bet on the upside, it is advisable to stick to ratio call spreads, instead of debit strategies or long futures, as aggressive central bank intervention would continue to dampen momentum in the pair.

**GBPINR Futures (May)**

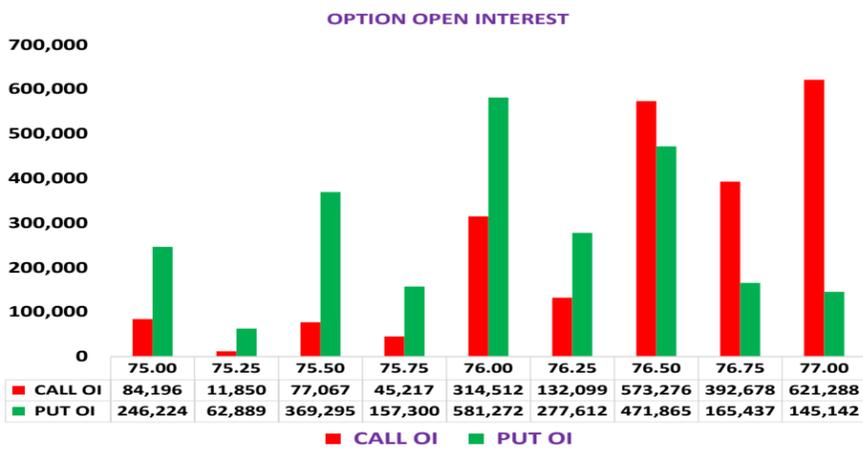
The Run of poor economic data continues in GBP. Last week along with a mixed PMI it was the shock of poor retail sales and consumer confidence that hammered GBP pairs lower. Yesterday, optimism among British manufacturers in the three months to January fell at its fastest pace since the onset of the COVID-19 crisis as orders slowed and prices jumped. Over the near, GBPUSD has scope to trade all the way down towards the 1.2450/1.2500 zone, which means, GBPINR will also be under selling pressure.

**EURINR Futures (May)**

EURUSD and EURINR, both ignored the surprisingly strong German economic sentiment indicators released by the IFO institute. Both the current assessment and the expectations component increased in April. This means that the German economy will be able to put up a strong GDP number for Q1 CY22, but things can be difficult from here. As supply chain disruptions from Chinese lockdowns and war in Ukraine along with high inflation are going to weigh on businesses and consumers. Hence, ECB is likely to remain dovish. Monetary policy divergence between ECB and US Fed is going to be negative for the Euro.

**JPYINR Futures (May)**

A pullback in the US bond yields and risk-off in equity markets pushed USDJPY lower and JPYINR higher. Over the near term, JPYINR may see rangebound price action as USDJPY remains soggy but USDINR too pulls back.



	Spot	Futures	
		Weekly Expiry 29-Apr-22	Monthly Expiry 27-May-22
USDINR LTP / (Previous Day)	76.47 / (76.69)	76.53 / (76.74)	76.75 / (76.97)
ATM Vols (in %)	76.75	6.03%	5.61%
ATM Straddle Price		0.42	1.00

Historical Volatility	
5 days Rolling	6.17%
21 days Rolling	5.68%

**What Options Open Interest (OI) Saying?**

Option sellers are betting on a range between 76.00 and 76.70 on spot. IVs can remain subdued.