

INR Pairs (Trading Range for the Day – May Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	77.65 (0.05)	82.79 (-0.31)	96.98 (-0.08)	61.13 (0.04)
Intraday View	Range bound	Bullish	Range bound	Bullish
Technical Range	77.20-77.80	82.60-83.00	96.73-97.23	60.90-61.40

Important Indicators		
	DXY	BRENT CRUDE
LTP	102.08	114.48
1W back	102.86	111.33
1M back	102.30	105.37



**USDINR Futures (May)**

USDINR is caught between an aggressive RBI and reluctant speculators. RBI is not eager to see Rupee depreciate past 78 to USD immediately, as it will be inflationary, but on the other hand, speculators are not willing to bet on Rupee appreciation as global risk sentiments remain fragile and FPI and carry trade outflows hurt Rupee. The result is a stalemate between 77 and 78.00 with a pivot near 77.50.

Overnight minutes of the last US FOMC meeting were released. Fed said what was already known was that they may look to hike rates by 50-bps over the next 2 meetings, in June and July. They see strong demand and limited supply, keeping inflation high. This means, that Fed has to slow the economy down to bring inflation under control. They want to avoid a recession but that risk remains on the table. This is not something that markets are not aware of. The cocktail of the rising cost of capital, higher cost of production, and slowing demand are what are keeping global equity markets under pressure.

Turning back to USDINR. USDINR should remain rangebound over the near term. Option sellers would continue to benefit as long as the range lasts. Folks looking to bet on the upside can use ratio call spreads.

**GBPINR Futures (May)**

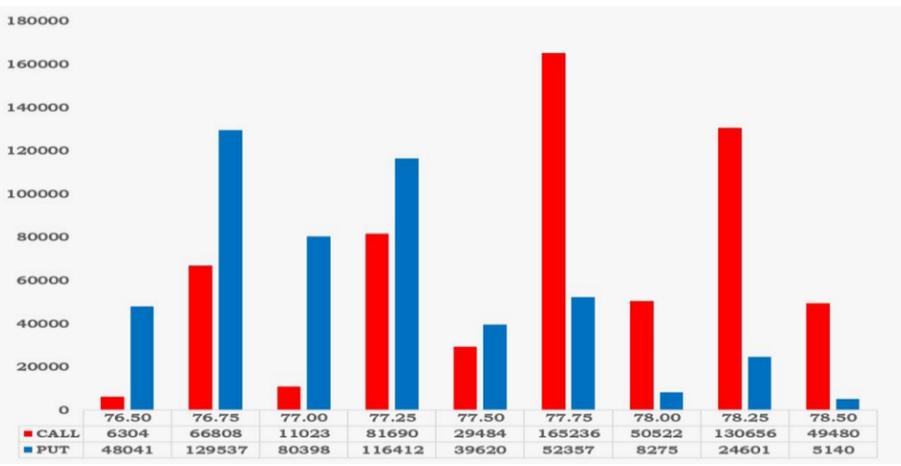
UK political storm or a poor PMI failed to keep GBP lower beyond 24 hours, as prices bounced back strongly overnight. A rebound in global equity markets pushed GBP higher. When prices do not stay down on bad news, then it can be construed as a bullish sign. It seems speculators are continuing to use the dip in GBPUSD to exit from their record shorts. This should be supportive of GBPUSD and GBPINR. However, the path upward will be choppy with days of sudden and sharp pullbacks. Bias remains slightly upward but with high volatility.

**EURINR Futures (May)**

US FOMC minutes did not have much impact on EURUSD or EURINR. Traders are eager to reduce their shorts as ECB goes for consecutive rate hikes starting July and brings rates above zero. Currently, rates are at negative 50 bps. This means EURINR can stand to benefit and move higher. However, like GBPINR, the path will be highly volatile.

**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 28-Jun-22
USDINR LTP / (Previous Day)	77.55 / (77.56)	77.58 / (77.69)	77.76 / (77.88)
ATM Vols (in %)	77.75	4.65%	5.49%
ATM Straddle Price		0.47	1.03

Historical Volatility	
5 days Rolling	3.88%
21 days Rolling	6.09%

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

Option sellers are betting on prices to remain rangebound ahead of May expiry tomorrow. Implied volatility remains low.