

INR Pairs (Trading Range for the Day – Feb Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	75.03 (0.17)	84.69 (-0.09)	101.05 (-0.01)	65.75 (-0.08)
Intraday View	Upward	Rangebound	Rangebound	Rangebound
Technical Range	75.00-75.65	84.30-84.75	101.00-101.55	65.50-66.05

Important Indicators		
	DXY	BRENT CRUDE
LTP	96.60	89.21
1W back	95.77	87.23
1M back	96.07	78.83



USDINR Futures (Feb)

The cocktail of negatives for the Indian Rupee can drive the pair towards 76 levels over the near term. On one hand, is the US Fed which confirmed the very hawkish expectations of the market. Once the taper completes in March, rates hikes may begin and maybe between 4/5 hikes in 2022, as inflation has been far higher and stickier than Fed had expected. Fed has hinted at balance sheet run-off instead of outright bond selling to reduce the size of its holdings in MBS and Treasuries. All in all, a very hawkish policy tilt. This is has allowed the US yields to jump and the yield curve to flatten. US Dollar has strengthened and equity markets are under pressure. But there is little impact on oil prices. With oil on the boil, at a fresh 7-year high, Rupee will be hit by this potent cocktail of rates, oil, risk-off, and US Dollar Index. **Buying on dips is advisable as long as spot USDINR holds above 74.70 on spot.**

GBPINR Futures (Feb)

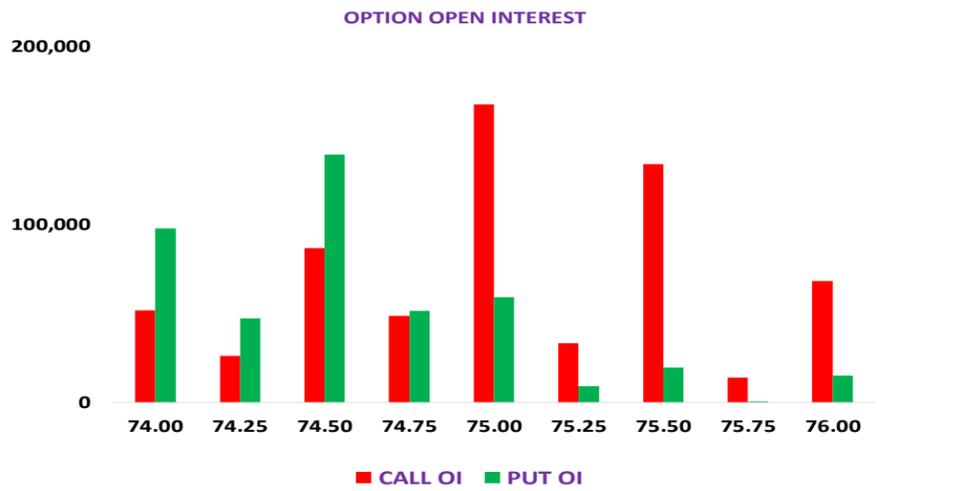
GBPINR faces multiple headwinds by way of slower European growth, UK political risk and global risk-off. However, as long as USDINR continues to rise, it will offset some of the weakness in GBPUSD. **Overall bias is of a range as there are no local economic triggers for GBP.**

EURINR Futures (Feb)

EURINR will be sandwiched by rising USDINR and falling EURUSD. A clear policy divergence between ECB and Fed and coupled with a global risk-off would continue to drive EURUSD lower. However, a rising USDINR can offset some of that impact. Hence, we are looking at range to slightly downward trend in EURINR.

JPYINR Futures (Feb)

JPYINR is flat as USDJPY rise due to rise in US bond yields, oil and US Dollar Index offset by the rise in USDINR. JPYINR is a derivative of USDINR and USDJPY. As long as the two pairs move in proportional measure but in opposite direction, JPYINR becomes a difficult pair to trade. Intra-day, it can rise if risk aversion worsens.



	Spot	Futures	
		Weekly Expiry 28-Jan-22	Monthly Expiry 24-Feb-22
USDINR LTP / (Previous Day)	74.77 / (74.56)	74.82 / (74.63)	75.03 / (74.86)
ATM Vols (in %)	75.00	6.40%	4.30%
ATM Straddle Price		0.32	0.74

Historical Volatility	
5 days Rolling	3.28%
21 days Rolling	4.34%

What Options Open Interest (OI) Saying?

USDINR will a squeeze of 75 strike call sellers. If prices sustain above 75, it can aim for 75.50 strike call options. Implied volatility can increase for Feb end options due to sharp up move in USDINR and risk of further up move.

Disclaimer & Contact:

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