



*Rupee is showing signs of **strength**...*

USD/INR Futures, India, D, NSE - O 74.84 H 74.95 L 74.71 C 74.79



➤ **Storyboard:**

- ❑ Covid is known risk for the Indian Rupee. However, as long as the surge persists, it will remain a headwind but if RBI remains an aggressive seller of \$, USDINR can remain capped below 75.50. Once situation improves, Rupee can appreciate.

➤ **Trade Pointer:**

- ❑ Call writing has been more than put writing yesterday, indicating that option writers are betting on a down move in prices. Positional traders can look to sell near 75.20/40 on spot basis for a target of 74.25 and 73.75.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	74.30	74.50	74.67	74.90	75.10



**EUR/USD
&
EUR/INR**

➤ **Storyboard:**

- ❑ Supply chain bottlenecks continue to plague industries on both sides of the Atlantic. German IFO's business sentiment survey and the US durable goods orders, both indicated semiconductor shortage as a problem area. However, IFO failed to beat estimates even though it showed sequential improvement.

➤ **Trade Pointer:**

- ❑ EURUSD has failed to clear the trendline resistance near 1.22. Support is near 1.1980. Bias remains upward as long as the pair holds support near 1.1980. EURINR will be a high beta play on USDINR.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	89.70	90.00	90.12	90.35	90.65



GBP/USD
&
GBP/INR

➤ **Storyboard:**

- ❑ Lack of fresh triggers is keeping GBPUSD within a range. The UK is nevertheless expected to see a strong economic rebound over coming weeks and months, which should limit the downside, both against EUR & USD.

➤ **Trade Pointer:**

- ❑ GBPUSD remains in an uptrend. However, near term price action suggests a range between 1.3650 and 1.4020 levels. Buying on decline is advised as long cable is not breaking down below 1.3650. Target 1.4020 & 1.4242.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	103.20	103.50	103.68	103.80	104.10



**USD/JPY
&
JPY/INR**

➤ **Storyboard:**

- ❑ Rebound in US yields and a recovery in the US Dollar has allowed USDJPY to push higher.

➤ **Trade Pointer:**

- ❑ USDJPY is a buy on decline with stop below 107.40. Target 109.50/80. Due to a combination of strong USDJPY and weak USDINR, JPYINR can come-off and test 68.30/50 zone on spot.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	68.50	68.80	68.96	69.15	69.40

FPI FLOWS

(\$ Million)		
MONTH	EQUITY	DEBT
May-20	1,929	(2,902)
Jun-20	2,890	552
Jul-20	1,018	(568)
Aug-20	6,294	368
Sep-20	(1,052)	896
Oct-20	2,661	314
Nov-20	8,132	326
Dec-20	8,420	1,227
Jan-21	2,658	(660)
Feb-21	3,539	(246)
Mar-21	1,444	902
Apr-21	(1,322)	111
LTTM	36,611	320

- The three macro factors that drive the value of USDINR: (i) Carry trade done by speculators by selling USDINR forwards/futures and rolling it (ii) FDI & FPI flows (iii) RBI intervention.
- Alongwith macro and technical factors, Intermarket has significant impact on USDINR. Keep an eye on (i) US Dollar Index (ii) Global equity indices (iii) Oil prices- The negative impact of oil on Rupee is more pronounced when period of high oil prices coincide with period of USD shortage (iii) Asian currencies against US Dollar
- Once COVID situation improves, FPI flows can pick up pace, which will be positive for the Indian Rupee.

Disclaimer

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