

INR Pairs (Trading Range for the Day – June Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	77.83 (-0.05)	83.45 (-0.34)	98.15 (0.84)	61.33 (-0.08)
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	101.46	117.50
1W back	103.25	112.54
1M back	102.94	105.19



**USDINR Futures (May)**

Both the US Dollar Index and the US bond yields are at the lowest levels in a month and equity markets are recovering. This should be positive for the Indian Rupee. However, poor economic conditions in China are driving the Chinese currency lower and oil prices are trading at the highest levels since the end-March, with Brent crude at \$117.00, which are negative influences on the Indian Rupee. As a result, USDINR may continue to oscillate within the narrow band of 77.30/40 and 77.80/90 on spot.

China held a rare nationwide meeting via teleconference Wednesday to bolster an economy battered by Covid. Media reports seem to suggest that Chinese policymakers are worried about a steep slowdown in the economy and rising unemployment. We have seen the impact of this on the Yuan, which has remained weak in spite of the rally in the US Dollar. This also raises the possibility of massive fiscal and monetary stimulus from the Chinese policymakers. The Chinese economy has become lopsided and dangerously inflated with bad debt but that is something that China cannot do much about as a rebalancing will come at extreme pain to the dominant sectors of the economy and with massive political backlash. Over the years, it has become clear that Chinese policymakers do not have the stomach to bear that pain as they fear socio-political instability. This would make the economy more and more dangerously lopsided and leveraged with time.

Switching to USDINR, we can expect a rangebound market over there. Option sellers can continue with their bets but considering the fact that IVs are low, reduce your bet size. We can increase bet size when IVs improve. For positional long trades, ratio call spreads remain the preferred strategy. The range, for now, is 77.40 and 77.80 on spot.

**GBPINR Futures (May)**

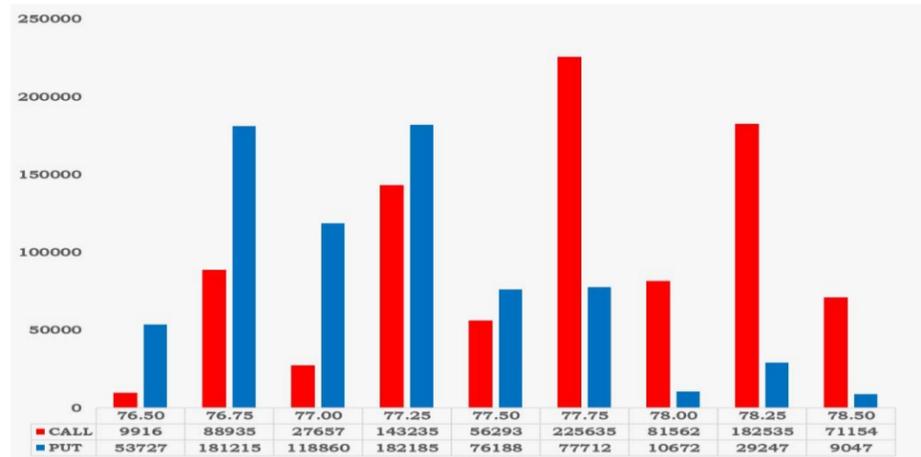
UK political storm or a poor PMI failed to keep GBP lower beyond 24 hours, as prices bounced back strongly overnight. A rebound in global equity markets pushed GBP higher. When prices do not stay down on bad news, then it can be construed as a bullish sign. It seems speculators are continuing to use 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)**

Traders have begun to price that US Fed may pause in their rate hiking cycle after hiking rates by 125 bps over the next three meetings. However, this view is contingent on inflation moving down. The repricing of the Fed's moves has led to a drop in US bond yields and that has helped EURUSD higher and EURINR as well. Over the near term, EURINR can continue to move upwards but volatility will be high.

**JPYINR Futures (May)**

Falling US bond yields and a softer Dollar Index are enough to trigger a short-covering in JPY. As a result, USDJPY has come under selling pressure and JPYINR is strong buying. The bias remains upward over the near term.



	Spot	Futures	
		Weekly Expiry 03-Jun-22	Monthly Expiry 28-Jun-22
USDINR LTP / (Previous Day)	77.59 / (77.57)	77.64 / (77.63)	77.84 / (77.82)
ATM Vols (in %)	77.75	4.53%	5.48%
ATM Straddle Price		0.42	1.01

Historical Volatility	
5 days Rolling	4.25%
21 days Rolling	6.05%

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

Option sellers continue to shift their shorts from May contract to June contracts. Implied volatility remains low.