



*Choppy price action ahead of **US FOMC**...*

USD/INR



➤ **Storyboard:**

- ❑ USDINR continues to oscillate within a range as rising COVID cases in India counter the global risk on mood and RBI's aggressive intervention. RBI has significant firepower to quell any speculative aggression. However, all eyes on tonight's US FOMC. For US Dollar to move up sustainably it requires the Fed to drop a hint of a taper.

➤ **Trade Pointer:**

- ❑ Option writers are betting on the range of 74.30 and 75.50 to continue. Charts are also suggesting a stalemate for now. Till the range holds, one can consider selling OTM calls and put options to benefit from the low volatility

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	74.50	70.70	74.76	74.95	75.20



EUR/USD
 &
 EUR/INR

➤ **Storyboard:**

- ❑ US Dollar needs the Fed to turn hawkish, like Bank of Canada, before it can stage a strong rally against the majors. US economic momentum remains strong with consumer and businesses, both firing pretty well. However, as long as Fed leans against the wind of optimism, USD will remain tamed.

➤ **Trade Pointer:**

- ❑ EURUSD has failed to clear the trendline resistance near 1.22. Support is near 1.1980. Prices can pullback towards 1.1980/1.1950 levels. EURINR is going to be in a choppy range.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
EURINR	89.80	90.10	90.23	90.45	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	103.30	103.60	103.76	104.00	104.30



**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 68.00 levels on spot.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
JPYINR	68.25	68.55	68.68	68.85	69.15

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	(1,463)	222
LTTM	36,470	431

- 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.

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