



***Rupee trades strong...***

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# USD/INR

➤ **Storyboard:**

- ❑ Risk on mood prevails across Asia as US Dollar is dumped and commodity prices rise. US government is all scheduled to propose \$6 trillion Budget tonight. Higher spending and larger dole outs to economically weaker sections will fuel expectation of stronger US economy. With US shying away from trade war, this means, higher demand in US will feel into higher global demand. All in all, we have a strong tail wind for global growth. Add to this mix, a central bank which remains behind the curve and both Fed and US government adding \$ liquidity to the system. The mix is potent enough to keep driving USD lower against the high yielding currencies.

➤ **Trade Pointer:**

- ❑ Downward bias is intact in USDINR spot as long as the pair sustains below 73.00 on a closing basis.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
USDINR	72.25	72.50	72.68	72.80	73.00



EUR/USD  
 &  
 EUR/INR

➤ Storyboard:

- ❑ Possibly month end rebalancing flows is keeping a lid on EURUSD. All eyes will be on the PCE inflation data tonight out of US, but a stronger print, let us say, core above 2.3% may not mean US Fed to make a move on taper. Till now higher inflation prints have been negative for USD as they reduced the real rates deeply into negative zone.

➤ Trade Pointer:

- ❑ EURUSD remains in uptrend but maintain stop below 1.2140 levels. EURINR to remain rangebound.

➤ Levels to watch:

Futures	S2	S1	CMP	R1	R2
EURINR	88.25	88.50	88.63	88.85	89.10



**GBP/USD**  
**&**  
**GBP/INR**

➤ **Storyboard:**

- ❑ Member of the Bank of England's Monetary Policy Committee, Gertjan Vlieghe said an early interest rate hike at the Bank of England is possible if there is smooth transition of workers off furlough and into employment. This allowed GBPUSD to push towards 1.42 handle. GBP may continue to benefit from soft USD and strong data.

➤ **Trade Pointer:**

- ❑ Buying is advised on decline with stop below 1.4080 on a close. GBPINR may remain choppy.

➤ **Levels to watch:**

Futures	S2	S1	CMP	R1	R2
GBPINR	102.85	103.05	103.18	103.35	103.60

**USD/JPY  
&  
JPY/INR**



➤ **Storyboard:**

- ❑ Strength in US yields and risk on mood, both have cushioned USDJPY.

➤ **Trade Pointer:**

- ❑ USDJPY remains a buy on decline with stop below 108.20. But if USDJPY begins to trade below, then bias will turn downward. JPYINR remains in a bearish trend.

➤ **Levels to watch:**

<b>Futures</b>	<b>S2</b>	<b>S1</b>	<b>CMP</b>	<b>R1</b>	<b>R2</b>
<b>JPYINR</b>	65.80	66.05	66.20	66.35	66.55

# FPI FLOWS

( \$ Million)		
MONTH	EQUITY	DEBT
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	(1,294)	108
May-21	(453)	450
<b>LTTM</b>	<b>34,257</b>	<b>3,219</b>

- 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.
- Along with 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
- Even with a lackluster flows, Rupee is managing to strengthen due to flows in other categories and also due strong interest in carry trade, where low vol and high carry is helping.

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