

INR Pairs (Trading Range for the Day – June Futures)					Important Indicators		
	USDINR	EURINR	GBPINR	JPYINR		DXY	BRENT CRUDE
LTP (% Change)	77.83 (0.01)	83.47 (0.00)	98.09 (-0.05)	61.41 (0.01)	LTP	101.59	119.96
Intraday View	Range bound	Bullish	Range bound	Bullish	1W back	102.09	113.33
Technical Range	77.20-78.00	83.15-83.80	97.70-98.20	60.97-61.40	1M back	103.21	106.49

U.S. Dollar / Indian Rupee, 1D, IDC O77.6060 H77.6060 L77.5250 C77.5250 -0.0810 (-0.10%)

USDINR moving in a range for the past 2 weeks



**USDINR Futures (May)**

With US markets shut for holidays, volatility can be low in the global currencies but an uptrend in equity markets in Asia, a softer US Dollar Index, strong Chinese Yuan are all going to be supportive factors for the Rupee. USDINR June remains well supported near 77.40/50 zone and capped near 77.85/90 zone. We suspect RBI remains an aggressive seller at higher levels but higher oil prices would limit the downside to around 77.40. Thanks to this outlook of a narrow range, implied volatility has been crushed.

Low USDINR VIX has led to lower premiums on options as sellers have accumulated large shorts in options with strikes between 77.00 and 78.00. But now is not the time to drop the guard if you are an option seller. USDINR has been in the narrow range for weeks now and with every passing day, the odds of this range breaking are increasing. Oil prices can become a new headache if it continues to march higher. Brent crude is above \$120, the highest level since March 25th. Option sellers can reduce their position sizing on bets via short straddles and strangles.

The EU is due to meet on Monday and Tuesday to discuss the sixth package of sanctions against Russia for its invasion of Ukraine. If they go ahead with the embargo on oil it can tighten an already supply strained market. Add to that the reopening of China and we could see fresh fireworks in oil prices. If oil prices were to spiral higher from here, it can exert upward pressure on USDINR. Indian Rupee has been underperforming its peers since early May and now a higher oil can make it even weaker. Then RBI would have to intervene even more aggressively. Therefore, keep a close watch on oil prices and how they behave over this week.

**GBPINR Futures (May)**

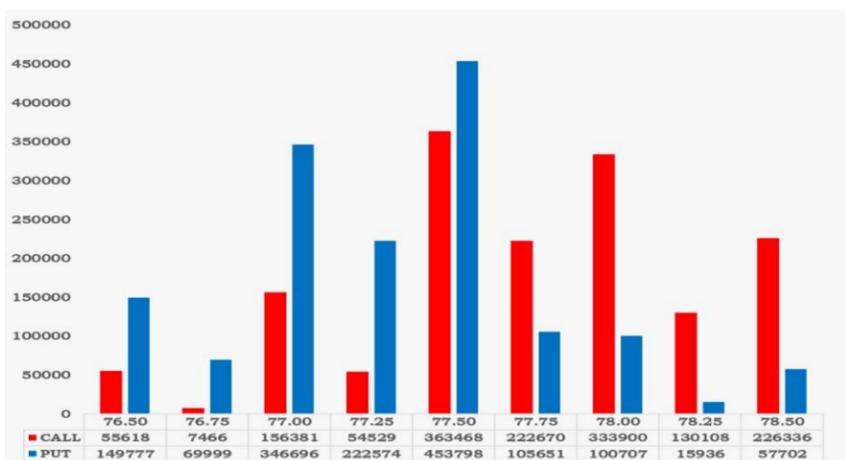
GBPUSD is benefitting from the cash giveaway announced by the UK government over the previous week. UK households will receive a spending boost struggling under the weight of the rising cost of living. It is being forecasted that the cash boost can improve GDP growth by 20-30 bps and also boost inflation. This means BOE can have more reasons to keep raising interest rates. GBP had been hammered pretty badly since early April as BOE turned cautious. The massive shorts in the currency are now being unwound. Therefore, bias remains slightly upward over the near term in GBPINR.

**EURINR Futures (May)**

EU trying to agree on an oil embargo on Russia but they are yet to reach a deal. However, EURUSD has not been impacted negatively yet. Falling US yields is the prospect of improving Chinese economic outlook is boosting risk appetite and that in turn is driving Euro USD and Euro INR higher. Over the near, we would see some more upside in EURINR.

**JPYINR Futures (May)**

Falling US bond yields is dragging USDJPY down and that, in turn, is pushing JPYINR higher. However, the impact is muted due to a slight downward drift in USDINR. However, over the near term, if US yields pull back more, then JPYINR can see some more short covering. Our bias remains rangebound to slightly upward in JPYINR.



	Spot	Futures	
		Weekly Expiry 03-Jun-22	Monthly Expiry 28-Jun-22
USDINR LTP / (Previous Day)	77.59 / (77.57)	77.54 / (77.60)	77.71 / (77.83)
ATM Vols (in %)	77.50	4.50%	5.08%
ATM Straddle Price		0.30	0.87

Historical Volatility	
5 days Rolling	3.88%
21 days Rolling	5.92%

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

Highest writing is seen in the 77.50 Calls and Puts, indicating ATM straddle writing. Implied volatility remains subdued due to limited realised vol in futures.