

INR Pairs (Trading Range for the Day – Oct Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	74.46 (0.14)	86.77 (-0.10)	100.42 (-0.73)	66.87 (0.13)
Intraday View	Upward	Downward	Downward	Rangebound
Technical Range	74.20-74.60	86.10-86.50	99.75-100.25	66.05-66.50

Important Indicators		
	DXY	Brent Crude
LTP	94.26	78.16
1W back	93.06	77.23
1M back	92.69	73.36

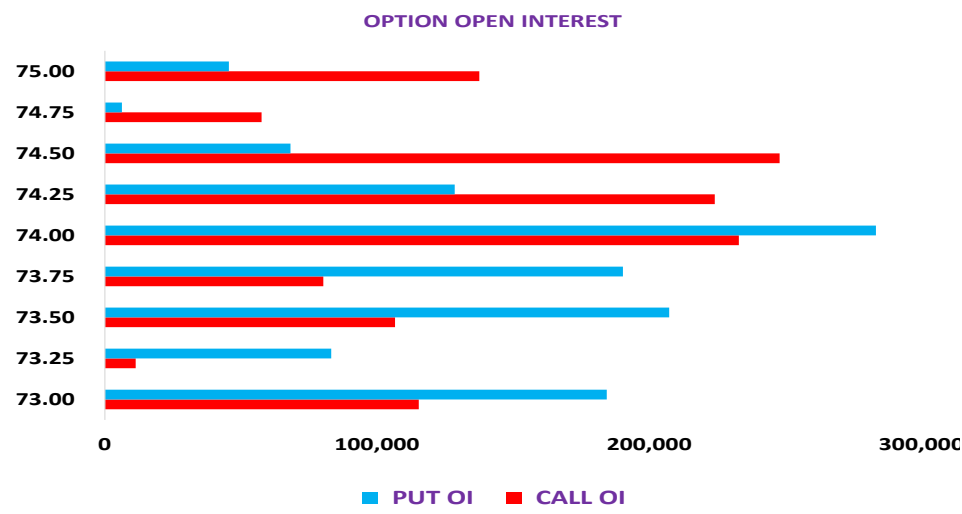


USDINR Futures (Oct)
US Dollar Index is almost at a 1-year high and crude oil prices are at a near 3-year high, with US bond yields rising on Fed taper and rising inflation expectation. This combination should have knocked USDINR out of the park but that is not what is happening due to structurally positive factors for the Rupee: (i) EM currencies are doing well against USD (ii) Privatisation drive of GoI is boosting sentiments (iii) \$ inflows related to IPO (iv) structural \$ inflows. **The range is now between 74.00 and 74.60/80 with a mild upward bias. Buy on decline is advised with SL below 74.00 on Oct futures. Target 74.60/80.**

GBPINR Futures (Oct)
GBPINR continues to get battered by the risk aversion in financial markets and with US yields outperforming UK bond yields. Inflation is a problem for all central banks but none have paid much heed to it. But right now, strength in US Dollar index and not much of upward momentum in USDINR is hitting GBPINR hard. **Bias remains downward.**

EURINR Futures (Oct)
Monetary policy divergence is a strong driver of currencies. Between European Central Bank and US Fed, US Fed is way ahead it trying to normalize monetary policy. This is a major driving force behind US Dollar Index and EURINR. DXY continues to rise and EURINR continues to drift lower. Unless USDINR shows upward momentum, EURINR will face strong selling pressure. **Bias remains downward on EURINR.**

JPYINR Futures (Oct)
With US 10-year yields punching higher on the back of cocktail of rising oil prices and hawkish US Fed, USDJPY has followed suit, which has knocked JPYINR lower. **JPYINR may continue to trade within a range of 66.00 to 66.80/67.00 with a mild downward bias.**



	Spot	Futures	
		Weekly Expiry 01-Oct-21	Monthly Expiry 27-Oct-21
USDINR LTP / (Previous Day)	74.14 / (74.04)	74.10 / (74.14)	74.46 / (74.31)
ATM Vols (in %)	74.25	7.10%	4.30%
ATM Straddle Price		0.17	0.72

Historical Volatility	
5 days Rolling	3.62%
21 days Rolling	3.55%

What Options Open Interest (OI) Saying?

Range of USDINR has shifted upwards from 73.50/74.00 to 74.00 and 74.50. Option writers have sold 74.00 puts and 74.50 calls, both OTM options to bet on this shift. Implied volatility has inched higher, but marginally, due to break above 74.00 levels.

Disclaimer & Contact:

Reach us at: ks.currency-research@kotak.com Disclaimer: <https://bit.ly/longdisc>