

INR Pairs (Trading Range for the Day – Dec Futures)				
	USDINR	EURINR	GBPINR	JPYINR
LTP (% Change)	75.29 (0.15)	85.11 (0.24)	100.58 (0.34)	66.39 (0.41)
Intraday View	Downward	Downward	Range bound	Range bound
Technical Range	74.90-75.35	84.70-85.20	99.90-100.40	65.85-66.40

Important Indicators		
	DXY	BRENT CRUDE
LTP	96.04	73.90
1W back	96.42	82.26
1M back	93.81	84.52

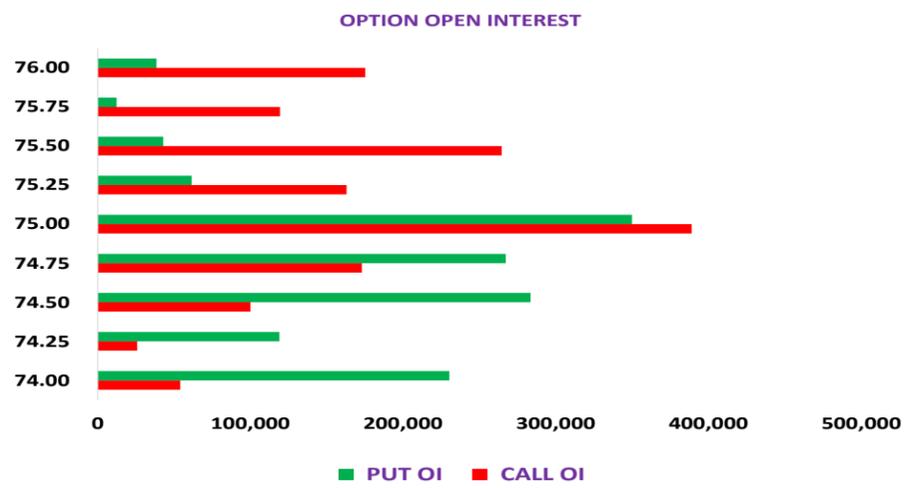


USDINR Futures (Dec)
Over the past 18-months, USDINR has been rejected numerous times from the 75.25/50 zone on spot. Therefore, being tactical long at 75.10/20 levels is not advisable. Intra-day long bets are better depending on risk sentiments. Over the next couple of days, MSCI rebalancing and IPO may attract large FPI flows, which could be north of \$2 billion. This is a near term supply overhang. How deep is that impact depends on global risk sentiments. **If risk sentiments improve, then USDINR can fall towards 74.50 on spot or 74.60/70 on December futures. Upside remains capped near 75.50 on December futures.**

GBPINR Futures (Dec)
UK October mortgage approvals were slightly lower than expectations but that did not have much impact on GBPINR as the pair is being driven by trends in risk assets. A rising equity markets tend to have a positive impact on GBPINR unless USDINR see major downside. GBPINR can see two-way volatility over the near term as markets switch between risk-on and risk-off themes.

EURINR Futures (Dec)
Euro, like Yen, benefitted from two factors: (i) carry unwinding (ii) bet that the new variant may prompt Fed to go slow on hawkish talk. Last evening, US chief's comments were indeed dovish but that does not mean Fed would either go slow on taper or delay hikes. Fed is waiting for more evidence to emerge on the new variant. Near term direction of EURINR will be dependent on risk trends and FOMC members comments. If US FOMC members turn dovish or risk assets sell-off then EURINR can rise but a risk on mood can bring it down.

JPYINR Futures (Dec)
Thanks to a deep risk aversion last Friday, JPYINR managed to correct higher. Carry unwinding took the pair higher. However, further upside depends on whether risk aversion returns or do we see risk on mood become the dominant theme. In a risk-on environment, where equity markets are rising, JPYINR tends to depreciate due to carry trade.



	Spot	Futures	
		Weekly Expiry 03-Dec-21	Monthly Expiry 29-Dec-21
USDINR LTP / (Previous Day)	75.09 / (74.86)	75.10 / (74.94)	75.29 / (75.13)
ATM Vols (in %)	75.00	4.50%	4.55%
ATM Straddle Price		0.29	0.82

Historical Volatility	
5 days Rolling	3.37%
21 days Rolling	3.98%

What Options Open Interest (OI) Saying?

With USDINR getting rejected from a zone near 75.50 and possibility of a downdrift, IVs can fall. OI suggest that 75 will offer strong support to December futures due to large put options being written. At the same time, 75.50 will act as strong resistance due to large OI in 75.50 call options.

Disclaimer & Contact:

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