

| INR Pairs (Trading Range for the Day – June Futures) | | | | |
|--|--------------|---------------|---------------|---------------|
| | USDINR | EURINR | GBPINR | JPYINR |
| LTP (% Change) | 77.86 (0.09) | 83.78 (-0.11) | 98.19 (-0.16) | 60.90 (-0.24) |
| Intraday View | Bullish | Range bound | Range bound | Range bound |
| Technical Range | 77.65-78.10 | 83.45-84.20 | 98.00-98.80 | 60.70-61.15 |

| Important Indicators | | |
|----------------------|--------|-------------|
| | DXY | BRENT CRUDE |
| LTP | 101.63 | 123.20 |
| 1W back | 101.78 | 113.66 |
| 1M back | 103.21 | 106.49 |



USDINR Futures (May)

After the EU decided to ban 90% of Russian crude imports by end of this year, oil prices have jumped. Brent crude is trading at \$122 a barrel. Spike in oil prices and very hawkish comments from Federal Reserve Governor Christopher Waller caused a 10-bps rally in the US 10-year yields. Mr. Waller said that he expects 50 basis point interest rate hikes to continue till the point inflation is not brought under control.

Asian equity markets are trading in the green but US Dollar Index is showing some strength but risk appetite is intact. This means Rupee may not face the depreciation pressure immediately but the drift will be downward for the Indian Rupee. Some institutional \$ inflows could occur today and that also may support the Rupee. However, over the rest of the week, as long as oil prices remain upward, USDINR too should drift higher.

Indian Rupee is an underperformer amongst its peers. With oil prices rising that underperformance may increase. Therefore, buying on dips is advisable with a stop below 77.40 on futures on a daily closing basis. Resistance 78.00 and 78.20 levels. Option sellers should move towards hedged strategies like iron flies as premiums are not compensating for the rising risk of a sharp move.

GBPINR Futures (May)

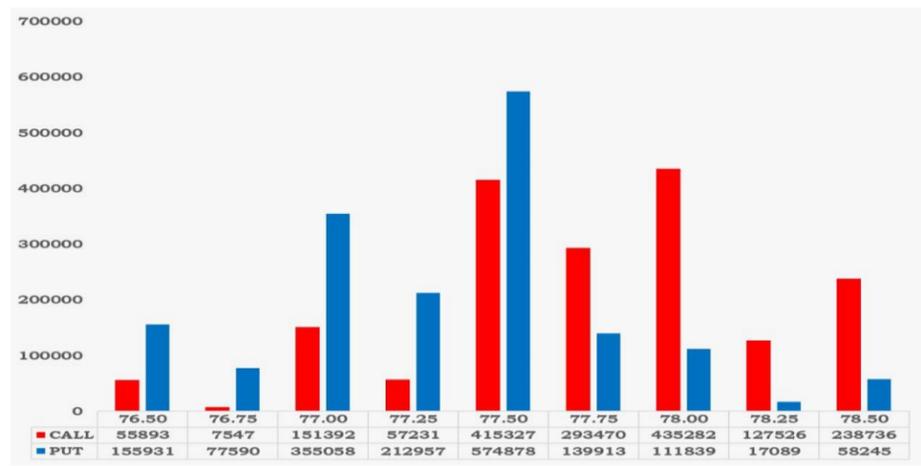
With oil prices moving up and US bond yields ticking higher, GBP can come under some selling pressure. However, with global equity markets seeing an up move, there will be some support for GBPUSD. However, a pullback appears likely. GBPINR may be cushioned to a certain extent by a strong USDINR. The bias remains of range bound price action in the pair.

EURINR Futures (May)

With the EU having agreed on a ban on Russian oil from the end of this year, the cost of energy is going to jump for European economies, which will not only push up inflation but also weigh negatively on consumption and investment. Euro had witnessed a rally but now can see some pullback due to the rising energy prices. Eurozone inflation is expected to rise to a record in May to 7.7% from 7.4% in April. Inflation data is released today. High inflation would mean more ECB rate action as ECB members and the governor herself have made it clear that they will bring rates to zero before the end of this year. In EURINR bias is of a range bound play

JPYINR Futures (May)

A sharp jump in the US bond yields and a spike in oil prices are double negatives for the Yen. Therefore, USDJPY can move higher, which will exert downward pressure on JPYINR. However, a strong USDINR can cushion that. Therefore, we could see range bound price action in JPYINR with a downward drift.



| | Spot | Futures | |
|-----------------------------|-----------------|----------------------------|-----------------------------|
| | | Weekly Expiry 03-Jun-22 | Monthly Expiry 28-Jun-22 |
| USDINR LTP / (Previous Day) | 77.64 / (77.55) | 77.68 / (77.60) | 77.83 / (77.78) |
| ATM Vols (in %) | 77.75 | 4.90% | 5.11% |
| ATM Straddle Price | | 0.29 | 0.86 |

| Historical Volatility | |
|-----------------------|-------|
| 5 days Rolling | 3.47% |
| 21 days Rolling | 5.81% |

What Options Open Interest (OI) Saying?

Highest writing is seen in the 77.50 Calls and 78.00 Puts, indicating a range bound move between 77.50 and 78. Implied volatility can increase due to higher oil prices.