

Date: May 22, 2024

Trend for the Day:

USDINR: 83.23 (Prev cl: 83.30) ↓

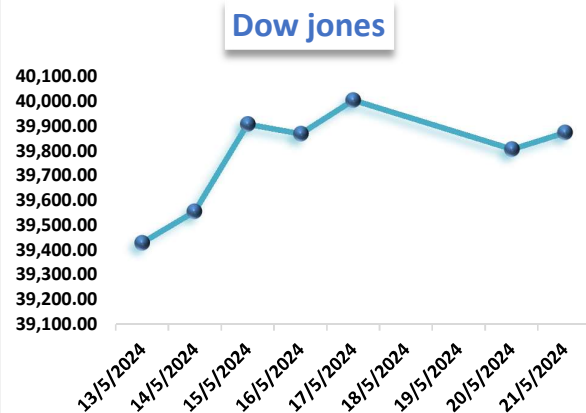
EURINR: 90.33 (Prev cl: 90.44) ↓

GBPINR: 105.82 (Prev cl: 105.79) ↑

JPYINR: 53.24 (Prev cl: 53.72) ↓

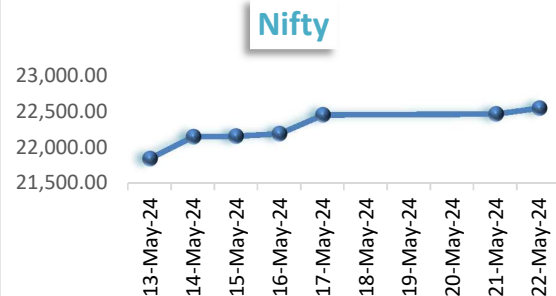
Global Market

- **US Market:** Wall Street ended modestly higher and U.S. Treasury yields dipped on Tuesday amid the doldrums ahead of a holiday weekend and a lack of substantial market catalysts. All three major U.S. indexes advanced and the S&P 500 and the Nasdaq reached all-time closing highs in advance of Nvidia Corp's quarterly results and in anticipation of the release of the minutes of the U.S. Federal Reserve's most recent monetary policy meeting, both expected on Wednesday.
- **Asian Markets:** Hong Kong's Hang Seng index led losses in Asia-Pacific markets on Tuesday, falling about 2% as basic material and industrials stocks fell. The CSI300 on mainland China dropped 0.4% to end at 3,676.16, and retreating from an eight-month high. This comes despite a Wall Street tech rally that saw the Nasdaq hit record highs overnight. South Korea's Kospi fell 0.65% to finish at 2,724.18, while the small-cap Kosdaq lost 0.07% to 846.51. Japan's stocks reversed earlier gains, with the Nikkei 225 ending down 0.31% at 38,946.93 and the broad-based Topix 0.3% lower at 2,759.72. Both indexes snapped a three-day winning streak.



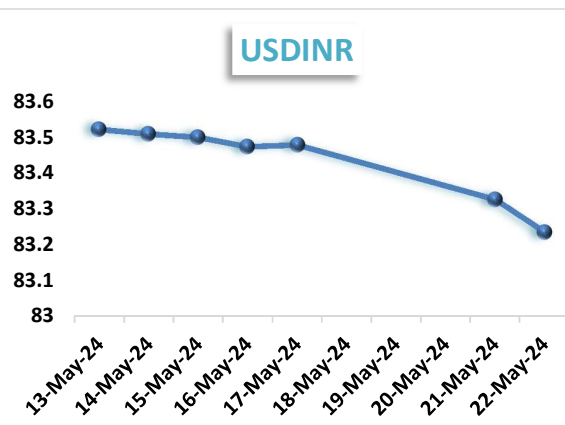
Domestic Market

- **Indian Benchmarks:** Today, Indian benchmark indices traded in green due to the positive US markets. Sensex was traded down by 131.21 points to 74,084.52 and Nifty up by 28.85 points at 22,557.15.
- **FII and DII:** Foreign institutional investors (FII) continue to sell Indian equities, with net sales of Rs 1,874.54 crore worth of shares on May 21. And the domestic institutional investors (DII) remained buyers of Rs 3,548.97 crore worth of equities during the same period.



Currency Market

- **USDINR:** The USDINR traded down at Rs. 83.23 on Wednesday compared to the Rs. 83.30 level of its previous close on Tuesday as the muted dollar index and slide in the crude oil prices weighed on the spot pair.
- **Dollar Index:** The US dollar index which tracks the greenback against the basket of its peers remained sideways and traded at 104.65 on Wednesday as the market assessed calls for patience from Federal Reserve officials and awaited the publication of Fed minutes for more insight on the central bank's path.
- **Crude Oil:** Crude oil prices slid to \$82.45 a barrel on Wednesday, on expectations the Federal Reserve could keep U.S. interest rates higher for longer due to sustained inflation, potentially impacting fuel use in the world's largest oil consumer.

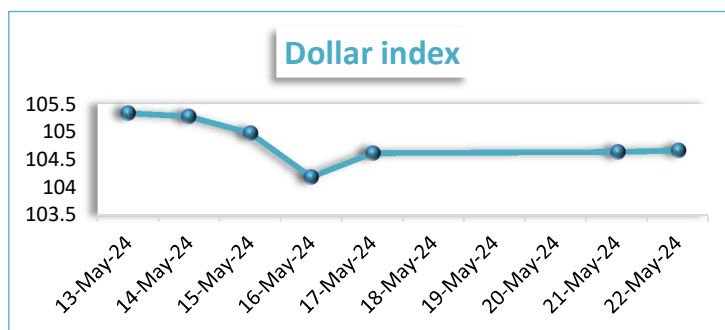


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Other Major Pairs

- **EURUSD:** The EURUSD remained little down at 1.0854, after the lower inflation data showed that the European Central Bank has done a good job slashing inflation, which was running at 7% a year ago. The ECB has signaled that it is ready to shift policy and most likely lower the rates at the June meeting. Today, there are no major data releases from the Europe region. The EURUSD may stay in a range of 1.0840 - 1.0890 levels.
- **GBPUSD:** The British Pound traded little up at 1.2711 against the US dollar ahead of the UK's CPI data release which is expected to contract at 2.1% compared to 3.2% of its previous release. The GBPUSD may remain in a range between 1.2690 – 1.2730 levels.
- **USDJPY:** The Japanese yen traded at 156.38 against the US dollar as it took a breather and after data showed Japan's exports rose 8.3% in April from a year earlier. Fears of currency intervention by Tokyo still had traders on alert after suspected rounds of intervention earlier this month. For USDJPY, the range for the day will be 156.20 – 156.70.

Futures	Close	% Change
EURINR	90.4425	0.0304%
GBPINR	105.795	0.2868%
JPYINR	53.72	0.2099%
USDINR	83.3375	-0.0600%



Upcoming major events

Time	Country	Events	Actual	Previous	Consensus
Wednesday, May 22, 2024					
5:20	Japan	Balance of Trade (Apr)	-	¥366.5B	¥-339.5B
11:30	UK	Inflation Rate YoY (Apr)	-	3.20%	2.10%
23:30	USA	FOMC Minutes	-	-	-
Friday, May 24, 2024					
5:00	Japan	Inflation Rate YoY (Apr)	-	2.70%	-
11:30	UK	Retail Sales MoM (Apr)	-	0%	-0.30%
18:00	USA	Durable Goods Orders MoM (Apr)	-	2.60%	-0.70%

USD/INR Outlook & Strategy

The domestic currency pair USDINR traded in a tight range on Tuesday and closed with the formation of a doji candlestick pattern on the daily chart. From a technical standpoint, USDINR failed to sustain its key support level of 83.38 and experienced active seller's participation at every rise, suggesting a negative bias. Additionally, the currency pair gave a negative breakout from its 50-day EMA, confirming the downtrend. Support for USDINR can be anticipated at 83.18/83.10 levels. A breakdown below the 83.10 level could drag the pair towards 83.00/82.85 levels. In contrast, resistance can be seen at 83.38/83.46/83.61 levels. A break above 83.61 could lead the pair towards 83.70/83.85 levels. Technically, the overall short-term



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trend of USDINR is likely to remain in consolidation mode with negative bias.

➤ **OUTLOOK:**

The Indian rupee is now secure within its range, and the lack of crucial data in the coming days will maintain the current INR range without challenge. The release of today's FOMC minutes is unlikely to cause much movement for the rupee.

➤ **RECOMMENDATION:**

The above factors could influence the **USDINR pair, ranging between 83.00 and 83.40**. Exporters are advised to cover long-term hedges around **83.40 and beyond**. For Importers, it is recommended to cover near-term payable around **83.00 levels and below**.

Today's Currency Trading Strategy

Currency Futures	Expiry	Action	Entry	Target	Stop loss
USD/INR	29th May 2024	Sell	below 83.33	83.30	83.35
EUR/INR	29th May 2024	Buy	above 90.45	90.60	90.35
GBP/INR	29th May 2024	Buy	above 105.80	105.95	105.70

Day Trading Guide – Support & Resistance

Pair	LTP	S2	S1	Pivot	R1	R2
EURINR	90.4425	90.2675	90.3550	90.4775	90.5650	90.6875
GBPINR	105.795	105.6250	105.7100	105.7850	105.8700	105.9450
JPYINR	53.72	53.0733	53.3967	53.5733	53.8967	54.0733
USDINR	83.3375	83.2225	83.2800	83.3325	83.3900	83.4425

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