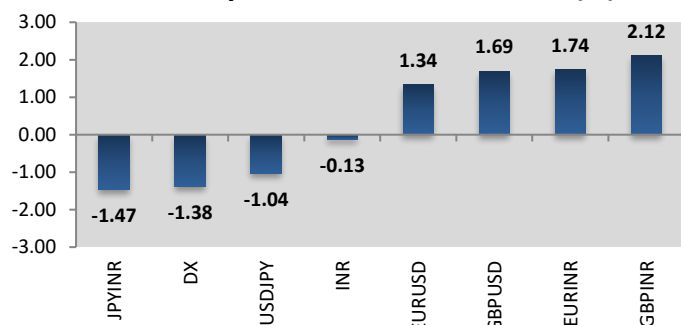


Weekly Currencies Performance (%)



Source: Refinitiv; Angel Currencies

Key Highlights

- RBI transfers Rs 30,307 crore as dividend to government for FY22
- China lowers 5-yr LPR by 15bps to support a slowing economy
- Initial Jobless Claims rose to 218K, the highest level since January

Weekly Currency Performance & Outlook

USDINR

Last week, the trend of Indian Rupee was in an upside-down manner. It traded in a range between 77.46 to 77.80 levels. The reason for weakness is attributed to the huge outflow of funds from the local system as traders moved out of risk assets due to ongoing worries over global growth following further poor Chinese data along with higher inflation data from India. However, there were some bouts of strength in between due to the RBI intervention in the currency markets via exchange and offshore non-deliverable forwards. In the coming days, the pace of foreign equity outflows from India will only pick up as markets shall discount the meeting minutes of RBI policy which was hawkish. It said that India will be growing slower than what was expected at the beginning of the year.

USDINR SPOT (CMP: 77.54) is likely to trade higher towards 78.20 mark.

EURINR

Last week, both EURUSD and EURINR traded higher by almost 1 percent as investors priced in the chance of an aggressive near-term tightening path by the European Central Bank. The European Central Bank published the Minutes of its latest meeting. The document showed that policymakers are concerned about inflation, obvious at the time being and triggering no market reaction. Members agreed that even

relatively small steps might be sufficient to turn the current accommodative monetary policy stance into a restrictive stance, leaving the door open for a timely rate hike "if conditions warrant it." Moreover, ministers from the EU were unable to agree on a Russian oil import embargo, with Hungary, the Czech Republic and Slovakia being the main opponents.

EURINR SPOT (CMP: 82.11) is expected to trade higher towards 83.20 levels.

GBPINR

Last week, both GBPUSD and GBPINR surged by more than 1 percent on account of the robust release of employment data from the nation. Average Earnings Index 3m/y has surged towards 7 percent in April'22 from 5.6 percent while the Unemployment rate has fallen to 3.7 percent from 3.8 percent. Moreover, the number of people claiming unemployment-related benefits has also considerably reduced. The bullish trend in GBPUSD shall also push GBPINR to move higher. In addition, the sharp fall in DXY after the Initial Jobless Claims rose to 218K, the highest level since January, while Continuing Claims hit the lowest since 1970 also worked in favor of the Pound. Coming days shall keep the Pound a bit volatile as both UK and EU embark on new Brexit tensions. As the first try to modify rules agreed in the Northern Ireland Protocol, the EU ambassador to the UK said the treaty is not open for new negotiations.

GBPINR SPOT (CMP: 97.02) is likely to trade higher towards 98.20 levels.

Weekly Trend Deciding Levels

CURRENCY	S2	S1	R1	R2
USDINR May	76.30	77.00	78.50	79.20
EURINR May	80.60	81.40	83.00	83.80
GBRINR May	95.20	96.10	97.90	98.80
JPYINR May	59.20	60.00	61.40	62.20

Research Team- (022) 4000 3600 Extn: 6134/04

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