

**Dollar Index rebound; Yen swings to elevate; Rupee firm****Indian Rupee- Outlook and Hedge trade Recommendations**

Currency	Indicative	Trading range	Hedge advice for import	Hedge advice for exports.	Technical trend
USDINR	77.20	76.78-77.78	65-80% hedge/optimum hedge	Near term export optimum hedge/ Far end 40% hold	Bearish

Outlook: USDINR surged to record high around 77.55 amid global risk off move. All major fx, especially emerging Asia, yen and Yuan were seeing brutal sell off amid coattails of negative factors such as prolong china lockdown, stagflation risk in EU and aggressive hawk talk by Fed. INR regained some lost ground amid talks of active RBI intervention. Some traders think, RBI may not like disorderly depreciation. Offshore Yuan hit fresh 17 month low around 6.75. Yeb also tested 131.20. All emerging currencies and stocks shown mild pool back bounce on Tuesday morning trade. New age risk on Risk (the digital VIX) Bitcoin dip below key support of 30000. Bitcoin value halved during last 1 year. Current sentiment is Dollar positive. Short term range is seen at 76.75-77.78. Market is eyeing US inflation data, ECB monetary signal and also evaluating stimulus sign from China. Among broader stocks bellweather NASDAQ and Shanghai both are down 20% plus. Lets wait where CNY get stabilized. RBI vhas decent war chest- Almost 600 Bln. A rich Dollar kitty!

Hedge Trade Recommendations: Emerging Asian currencies are under turmoil amid global riskoff mood. Path to least resistance seems downward for INR. Importers may remain extra cautious- proactive to cover near term USD imports on every dips. Near term USD Exports may be fully covered. Middle end exports may be partially hold. About far end exports, risk avert treasury may fully book. Risk prone treasury may take a chance to stay mil underhedged in far end exports.

Currency	Indicative	Trading Range	Hedge Advice for import	Hedge advice for exports	Tec. trend
EURINR	81.74	81-82.50	Stay fully hedged	Stay fully hedge	Bearish

Outlook: EURINR recovered smartly after Fed and RBI rate hike. Its sell on news buy on facts style recovery bounce. Euro looks oversold against most of currency amid too much dovishness. Macro fundamentals remained bearish. European bonds, especially south European bond- Italy in particular shows some weakness. On a broader scale- EU banks look too fragile relative to USA. Deep money is moving into \$ assets. If fed goes for 50 bps hike, and Russia- European proxy energy war worsens, we may see deeper decline in EURUSD and EURINR., however EURINR will be relatively less bearish.

Hedge trade Recommendations: Near term risks seems to be balanced. EUR is seen in correction mode. Near term imports and exports both should be covered on optimal basis. For medium term and far end exposure- we take a fresh revie after ECB mid week meeting.

Currency	Indicative	Trading Range	Hedge Advice for import	Hedge advice for exports	Tec. trend
GBPINR	95.65	95-97.50	Stay 80% hedged.	Keep 30% far end export open.	Sideways Up

Outlook: GBPINR displayed nice technical bounce on bargain hunting. GBP looks relatively firm among European pears. UK rate cycle is well ahead in tightening compare to ECB. On a broader scale, GBP, EUR and CHF all are weak vs USD, but GBP is in better position.

Hedge Trade Recommendations: Near term risks seems to be clearly downside. Near term imports may be kept open. Far end imports may be booked 30%.. Near term exports may be kept 70% booked. 30% to be booked on scale up basis. We are seeing a corrective bounce towards 97.30-97.70.

International USD Crosses- Outlook and Hedge trade Recommendations

Currency	Indicative	Trading Range	Hedge Advice for import	Hedge advice for exports	Tec. trend
EURUSD	1.0570	1.0430-1.0680	Near term import may be covered 70-80%	Near term exports may be kept open for 30-40%	Recovery Bounce

Outlook: EUR remained weak against most of peers. EU inflation is around 7.5%, highest in last 4 decades however ECB rates are still deep negative. Nominal rates are 50 bps negative. Lowest among all major Fx. EU negative yielding bond lost massive value erosion. ECB may be forced to go for rate hike before Jun Fed. While Fed and most of banks are hawkish- ECB still remained skittish. A technical bounce is due. Main trend is bearish. Let's wait for ECB monetary moves.

Hedge Trade Recommendations: Near term risks seem to be balanced, medium term risk seems towards downside.

Currency	Open	Trading Range	Hedge Advice for import	Hedge advice for exports	Tec. trend
GBPUSD	1.3249	1.3095-1.335	Keep import unhedged	Sell on rise progressively	Sideways Up

Outlook: GBPUSD got boosted by market talks hinting a trade deal between the UK and the EU might be around the corner. Pair remains in positive note ahead of the broad dollar's weakness.

Hedge Trade Recommendations: Keep imports unhedged for a while. Sell Exports on every rally above 1.3100.

Currency	Open	Trading Range	Hedge Advice for import	Hedge advice for exports	Tec. trend
JPYUSD	104.14	104.0-105.5	Stay fully hedge	Stay fully hedge	Stable

Outlook: USD/JPY edged 0.10% intraday losses while nearing the day low of 104.03 during the early Wednesday. In doing so, the yen pair drops the lowest since November 09 as the COVID-19 firms up grip in Tokyo. It's worth mentioning that the upbeat trade numbers and Japanese policymakers' readiness to battle the pandemic also favor the sellers off-late.

Hedge Trade Recommendations: Stay fully hedge in import and exports.

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