



Source: Bloomberg 25-Sep-2014

EURINR lower as a combined play on continued inflows into India and ECB activism:

- **Trade:** A 6m EURINR 78 put (at-the-money spot) financed by selling the 83 call has zero net premium (spot ref: 77.95, forward: 80.50)
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- With the Modi government showing decisiveness in pursuing its reform agenda, capital inflows into India look likely to continue for the foreseeable future
- Indian equities are at all-time highs and the entry point is not very attractive
- The rupee also embeds carry of 7%/year, cheapening risk reversals

Chart of EURINR spot