

May 6, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	May futures	Buy	75.75	76.10	75.60	1 day

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Spot Currency

Currency	Close	% Change
US\$-INR	75.62	0.11
EUR-INR	82.04	-0.54
GBP-INR	94.24	0.14
JPY-INR	0.710	0.08

Global Bonds

Indices	Close	% Change
India 10 Year	6.07	-0.01
India 2 Year	4.50	0.03
US 10 Year	0.66	0.07
US 2 Year	0.19	-0.12
Germany 10 Year	-0.57	0.21

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	5776	6709	-933
Debt	813	1107	-294
Net			-1227

Source: Bloomberg, ICICI Direct Research

- The rupee closed almost flat against the US dollar as there were some gains in Asian currencies. However, negative domestic equities and outflow in the cash segment is likely to keep the rupee move in check. Going forward, we feel it is likely to move towards 76.5 levels

- The Dollar Index continues to stay near its weekly upper range of 99.50 amid fresh trade war tension between the US and China. US ISM Non-Manufacturing and trade balance figures are expected to trigger some volatility in the Dollar Index

- Post a positive start, the Nifty traded with a positive bias and moved near 9400. However, selling continued at higher levels as Call writers dominated the day. Advance: declines remained in favour of bears with 39 Nifty stocks ending negative

- On Tuesday, for a major part of the day, the index remained under pressure with selling clearly visible in State Bank of India, Kotak Mahindra Bank, Axis Bank and HDFC Bank

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 1227 crore on May 4, 2020. In the debt segment, they sold almost ₹ 2500 crore for the month

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
May	75.94	1.00	2331177	1640933	1.51	-2.11
June	76.24	1.00	387209	219805	10.18	-25.03
May-June	-0.30	-	1943968		-	86.60

- The dollar-rupee contract on the NSE was at 75.94 in the last session. The open interest rose almost 1.5% during the last session
- The rupee paused its winning streak as the Dollar Index reverted from its support of 98.5. Selling in global markets, rise in crude oil prices can attract some buying in dollar as safe heaven assets

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	75.61	75.73	75.87	75.99	76.14
US\$INR (June)	75.46	75.81	76.06	76.40	76.66
EURINR (May)	82.53	82.70	82.90	83.07	83.27
EURINR (June)	82.78	82.98	83.13	83.33	83.49
GBPINR (May)	93.13	93.62	94.54	95.02	95.95
GBPINR (June)	93.96	94.15	94.50	94.70	95.05
JPYINR (May)	70.65	70.81	71.02	71.18	71.39
JPYINR (June)	70.55	70.86	71.13	71.45	71.72

US\$INR Strategy

US\$INR May futures contract (NSE)

Buy US\$ in the range of 75.70-75.80

Market Lot: US\$1000

Target: 76.00/ 76.10

Stop Loss: 75.60

Support: 75.40/75.50

Resistance: 76.00/76.20

Note: The given recommendation in this report is intraday and should not be linked with positional view & recommendations given in Monthly currency Derivatives and Positional Currency report which may have different view.



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