

May 7, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	May futures	Buy	75.95	76.30	75.80	1 day

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Spot Currency

Currency	Close	% Change
US\$-INR	75.76	0.17
EUR-INR	82.11	0.12
GBP-INR	93.90	-0.22
JPY-INR	0.711	0.63

Global Bonds

Indices	Close	% Change
India 10 Year	6.03	-0.01
India 2 Year	4.36	-0.03
US 10 Year	0.68	0.03
US 2 Year	0.18	-0.07
Germany 10 Year	-0.52	-0.09

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	4814	5132	-318
Debt	878	943	-65
Net			-383

Source: Bloomberg, ICICI Direct Research

- The rupee further depreciated by almost 9 paise and closed at 75.76 whereas the US\$INR May future ended above 76 levels. Weakness in the rupee was largely due to strengthening of dollar and US-China trade war fear
- The Dollar index managed to reclaim the crucial level of 100 yesterday. The US private sector shed 20 million jobs during last month but the dollar managed to keep buying interest alive as news came of opening US economy gradually

- A volatile session ended with gains of 65 points at 9270. Sectorally, action was seen in BFSI, auto and select pharma stocks whereas profit taking was seen in OMC and FMCG stocks
- In the last session, the Bank Nifty outperformed the Nifty and snapped its two-day losing streak. It opened lower and reversed from the support level of 19000. Short covering was seen in leading private banks, which helped the Bank Nifty to close with gain of over 2%

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 383 crore on May 5, 2020. In the debt segment, they sold almost ₹ 2883 crores for the month

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
May	76.03	1.00	2255414	1610773	-3.25	-1.84
June	76.34	1.00	475552	268370	22.82	22.09
May-June	-0.30	-	1779862		-	83.34

- The dollar-rupee contract on the NSE was at 76.03 in the last session. The open interest fell almost 3.2% during the last session
- The US\$INR pair managed to close above 76 levels as the US Dollar index moved near 100 levels. Negative domestic equities and selling by FIIs are likely to keep the rupee move in check

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	75.65	75.84	75.97	76.16	76.29
US\$INR (June)	75.96	76.15	76.28	76.46	76.59
EURINR (May)	81.69	81.93	82.17	82.41	82.66
EURINR (June)	82.05	82.25	82.45	82.64	82.85
GBPINR (May)	93.49	93.77	94.13	94.42	94.78
GBPINR (June)	93.32	93.83	94.32	94.83	95.32
JPYINR (May)	93.49	93.77	94.13	94.42	94.78
JPYINR (June)	93.32	93.83	94.32	94.83	95.32

US\$INR Strategy

US\$INR May futures contract (NSE)

Buy US\$ in the range of 75.90-76.00

Market Lot: US\$1000

Target: 76.20/ 76.40

Stop Loss: 75.80

Support: 75.50/75.80

Resistance: 76.20/76.40

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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