

May 19, 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	75.91	0.46
EUR-INR	82.42	0.50
GBP-INR	92.50	0.90
JPY-INR	0.710	0.18

Global Bonds

Indices	Close	% Change
India 10 Year	6.05	-0.01
India 2 Year	4.41	0.01
US 10 Year	0.71	0.10
US 2 Year	0.18	0.14
Germany 10 Year	-0.47	-0.12

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	3866	6389	-2522
Debt	1729	753	976
Net			-1546

Source: Bloomberg, ICICI Direct Research

- The rupee depreciated by almost 33 paise and ended marginally below its sizeable Call base of 76. Negative domestic equities and extension of lockdown further created pressure on the rupee

- The Dollar index tested its key support of 100 on Monday. Risk on sentiment surged along with news of potential vaccine triggered profit booking by the Dollar index. However, in the past two weeks, the Dollar index has been trading in a range with support being pegged at 99.5 levels

- After witnessing sideways movement in the last couple of sessions, the Nifty witnessed a sharp downside and ended at 8823 with a loss of 313 points. The economic package details of ₹ 20 lakh crore announced by the FM over the weekend failed to cheer the markets. On the options front, aggressive additions were seen in 9000 to 9300 strikes

- The Bank Nifty continued to remain under pressure as Call writers dominated the day. All heavyweight and PSU banks remained negative throughout the day

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 1546 crore on 15 May, 2020. In the debt segment, they sold almost ₹ 17101 crores for the month.

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(%) change	
					OI	Vol
May	76.07	0.24	1805482	1617436	-1.79	-1.42
June	76.34	0.23	993410	393576	9.84	58.02
May-June	-0.27	-	812072		-	75.67

- The dollar-rupee contract on the NSE was at 76.07 in the last session. The open interest fell almost 1.8% during the last session
- As there is a news of new vaccine being found for Covid-19 and few successful trials being run, the index witnessed some profit booking. However, we feel the US\$INR pair will continue to trade in the range for coming sessions

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	75.31	75.60	75.76	76.05	76.21
US\$INR (June)	75.60	75.88	76.04	76.32	76.48
EURINR (May)	81.21	81.60	81.83	82.23	82.46
EURINR (June)	81.60	81.95	82.16	82.51	82.72
GBPINR (May)	92.02	92.29	92.45	92.72	92.89
GBPINR (June)	92.36	92.60	92.76	93.00	93.15
JPYINR (May)	70.09	70.51	70.77	71.19	71.44
JPYINR (June)	70.39	70.77	70.99	71.37	71.58

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/ 76.20

Stop Loss: 75.60

Support: 75.50/75.60

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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