

May 21, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	May futures	Buy	75.65	76.00	75.50	1 day

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Spot Currency

Currency	Close	% Change
US\$-INR	75.79	0.21
EUR-INR	82.96	0.42
GBP-INR	92.62	0.01
JPY-INR	0.710	0.53

Global Bonds

Indices	Close	% Change
India 10 Year	6.04	0.00
India 2 Year	4.41	0.00
US 10 Year	0.66	-0.04
US 2 Year	0.16	-0.06
Germany 10 Year	-0.47	0.00

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	5081	6420	-1338
Debt	674	1550	-876
Net			-2215

Source: Bloomberg, ICICI Direct Research

- The rupee continued to consolidate in a range for the week. Yesterday it depreciated by almost 14 paise and ended at 75.79 as headwinds due to US-China trade tiff and worries over a second wave of Coronavirus infection weighed on sentiments
- The Dollar index navigated in a tight range near 99.5 levels as Fed chair Jerome Powell reiterated the Fed was committed to keeping on supporting the economy

- The Nifty finally ended positive after a huge sell-off, which was seen at the start of the week. However, it managed to close above 9000, which will provide a sentimental boost in today's session
- The Bank Nifty continued to remain a laggard compared to the Nifty. It remained below its sizeable Call base of 18000

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 2215 crore on May 19, 2020. In the debt segment, they sold almost ₹ 20275 crore for the month

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
May	75.72	0.07	1763311	1512125	-1.26	-14.35
June	76.00	0.07	1062709	280567	6.19	-21.27
May-June	-0.28	-	700602		-	81.45

- The dollar-rupee contract on the NSE was at 75.72 in the last session. The open interest fell by almost 1.28% during the last session
- As trade wars fear further escalated, the rupee along with other EM currencies came under pressure. However, looking at the overall data, we feel the rupee will remain in a range for the week

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 75.60-75.70

Market Lot: US\$1000

Target: 75.90/ 76.00

Stop Loss: 75.50

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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