

May 22, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	May futures	Buy	75.35	75.75	75.20	1 day

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Spot Currency

Currency	Close	% Change
US\$-INR	75.60	-0.25
EUR-INR	82.81	-0.14
GBP-INR	92.37	-0.10
JPY-INR	0.700	-0.34

Global Bonds

Indices	Close	% Change
India 10 Year	6.03	0.00
India 2 Year	4.39	0.00
US 10 Year	0.66	-0.01
US 2 Year	0.17	0.04
Germany 10 Year	-0.49	0.03

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	4202.61	5886.47	-1683.86
Debt	779.31	503.26	276.05
Net			-1407.81

Source: Bloomberg, ICICI Direct Research

- The rupee appreciated and closed at 75.60 against the US dollar. FIIs remained negative for the month. However, positive domestic equities and weakness in Dollar index helped the rupee to recover

- The Dollar index witnessed its worst decline in five weeks and fell sharply below 99.5 levels as initial claims further rose by 2.4 millions. However, support for the same is pegged at 99 levels

- The Nifty witnessed sharp upsides and moved up 110 points during the session. However, It ended with a gain of 40 points due to profit taking and weekly option expiry. A recovery was seen in auto and technology stocks along with ITC whereas Bajaj twins and select private banks encountered selling pressure from higher levels

- On Thursday, the Bank Nifty relatively underperformed the Nifty. It opened higher but was unable to hold on to its gains as selling was witnessed in most private as well as PSU banks from higher levels

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 1408 crore on May 20, 2020. In the debt segment, they sold almost ₹ 20001 crore for the month

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
May	75.53	-0.26	1853198	1810536	5.10	19.73
June	75.79	-0.27	1012729	476472	-4.70	69.82
May-June	-0.27	-	840469		-	73.68

- The dollar-rupee contract on the NSE was at 75.53 in the last session. The open interest rose almost 5.1% during the last session
- As there was a sharp decline in the Dollar index, the rupee saw some strength. However, the US\$INR pair slipped into a discount and a possible bounce is possible

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	75.27	75.40	75.61	75.74	75.96
US\$INR (June)	75.52	75.66	75.87	76.01	76.22
EURINR (May)	83.18	82.98	82.89	82.69	82.61
EURINR (June)	83.39	83.24	83.22	83.07	83.05
GBPINR (May)	92.00	92.18	92.39	92.58	92.79
GBPINR (June)	92.25	92.46	92.71	92.92	93.17
JPYINR (May)	69.84	69.97	70.19	70.32	70.55
JPYINR (June)	70.06	70.19	70.42	70.56	70.79

US\$INR Strategy

US\$INR May futures contract (NSE)

Buy US\$ in the range of 75.30-75.40

Market Lot: US\$1000

Target: 75.55/ 75.75

Stop Loss: 75.20

Support: 75.0/75.20

Resistance: 75.60/75.80

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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