

May 26, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	May futures	Buy	75.75	76.20	75.60	1 day

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Spot Currency

Currency	Close	% Change
US\$-INR	75.95	0.46
EUR-INR	82.79	0.10
GBP-INR	92.58	0.20
JPY-INR	0.711	0.60

Global Bonds

Indices	Close	% Change
India 10 Year	5.97	-0.01
India 2 Year	4.34	-0.01
US 10 Year	0.66	0.01
US 2 Year	0.17	0.05
Germany 10 Year	-0.50	0.02

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	5981.04	6185.63	-204.59
Debt	913.49	789.43	124.06
Net			-80.53

Source: Bloomberg, ICICI Direct Research

- The rupee depreciated sharply and moved towards the levels of 75.95 as the RBI cut key interest rates. Choppy equities and a rise in crude oil prices kept the rupee under pressure.

- The Dollar index marched higher to 100 levels but it closed near 99.70. US-China-Hong Kong jitters fuelled demand for safe havens. We feel it is likely to trade in a range

- A volatile session ended with loss of 67 points at 9039. Sectorally, action was seen in pharma, technology and auto stocks whereas selling was witnessed in BFSI and metal stocks. On the options front, ATM strike of Call and Put has significant OI

- On Friday, underperformance was clearly visible in banking stocks, which dragged the Bank Nifty to 17000. Axis Bank was the loser whereas HDFC Bank and Bandhan Bank also witnessed selling pressure

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 81 crore on May 21, 2020. In the debt segment, they sold almost ₹ 19930 crore for the month

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(%) change	
					OI	Vol
May	75.90	0.49	1684075	2000587	-9.13	10.50
June	76.14	0.46	1096615	777279	8.28	63.13
May-June	-0.24	-	587460		-	61.15

- The dollar-rupee contract on the NSE was at 75.90 in the last session. The open interest fell almost 9.1% during the last session
- The rupee again approached its sizeable Call base of 76. We feel a close above these levels would open the gates for more upsides but looking at the consolidation in Dollar Index we feel, the rupee will remain in a range

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	75.43	75.67	75.84	76.08	76.25
US\$INR (June)	75.56	75.85	76.05	76.35	76.55
EURINR (May)	82.39	82.58	82.85	83.04	83.32
EURINR (June)	82.74	82.89	83.09	83.25	83.45
GBPINR (May)	92.18	92.34	92.48	92.64	92.78
GBPINR (June)	92.46	92.62	92.76	92.92	93.06
JPYINR (May)	69.98	70.30	70.48	70.80	70.99
JPYINR (June)	70.32	70.57	70.72	70.96	71.12

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: 75.4/75.60

Resistance: 76.00/76.30

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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