

May 27, 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	75.66	-0.40
EUR-INR	82.82	0.15
GBP-INR	93.10	0.70
JPY-INR	0.700	-0.30

Global Bonds

Indices	Close	% Change
India 10 Year	5.98	0.00
India 2 Year	4.32	0.00
US 10 Year	0.69	0.04
US 2 Year	0.17	0.00
Germany 10 Year	-0.44	-0.12

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	4422.19	5551.69	-1129.5
Debt	500.27	610.88	-110.61
Net			-1240.11

Source: Bloomberg, ICICI Direct Research

- The rupee appreciated 29 paise to close at 75.66 against the US dollar on Tuesday tracking weakness in the American currency while easing of Covid-19 lockdown measures fuelled growth optimism

- After marching towards levels of 100, the Dollar index again saw correction and slipped below 99.5 levels. If the weakness continues, then we feel it could see consolidation near 99 levels

- Post a positive start, the Nifty failed to hold on to gains as profit taking was seen in the pharma and technology space. However, buying in banking and auto helped the index recover almost 50 points from the day's low of 8995. On the options front, ATM strike of Call, Put has significant OI indicating possible consolidation

- On Tuesday, the Bank Nifty saw volatile trade but remained firm above 17300 throughout the day

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 1240 crore on May 22, 2020. In the debt segment, they sold almost ₹ 20178 crore for the month

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
May	75.67	-0.30	1322818	1820589	-21.45	-9.00
June	75.88	-0.35	1471985	1157360	34.23	48.90
May-June	-0.21	-	-149167		-	36.43

- The dollar-rupee contract on the NSE was at 75.67 in the last session. The open interest fell almost 21.4% 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. However, 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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