

June 5, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	June futures	Buy	75.45	75.75	75.32	1 day

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Spot Currency

Currency	Close	% Change
US\$-INR	75.58	0.15
EUR-INR	85.35	0.90
GBP-INR	94.92	0.25
INR-JPY	0.69	0.07

Global Bonds

Indices	Close	% Change
India 10 Year	5.79	-3.58
India 2 Year	4.29	0.00
US 10 Year	0.81	6.03
US 2 Year	0.19	-2.00
Germany 10 Year	-0.31	1.70

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	10111	7943	2168
Debt	469	1434	-965
Net			1203

Source: Bloomberg, ICICI Direct Research

- After a strong opening, the rupee weakened further against the US\$ and closed almost 10 paise lower at 75.58. Despite significant inflows in the last couple of days in equities, depreciation of currency indicates ongoing concerns regarding the economy recovery

- The US dollar continued to weaken and hovered below 97.60 levels amid appetite for riskier assets. Increased stimulus by the ECB helped the Euro to gain further as it expanded its purchase programme by €600 billion

- The Nifty snapped its six day winning streak amid high volatility. Sectorally, action was seen in technology, metal and telecom stocks whereas profit taking was seen in BFSI and select consumption stocks. We feel consolidation will take place before crossing the 10200 hurdle

- Despite witnessing buying during the day, the Bank Nifty failed to maintain the momentum. Most midcap banks witnessed profit booking in leading private banks. Looking at the OI data, we feel the upside looks limited as major Call OI is at 21000 and 21500 levels

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 2166 crore on June 3, 2020. At the same time, they sold almost ₹ 965 crore in the debt market. In the first couple of sessions of the month, FIIs have bought close to ₹ 17000 crore in equities

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(%) change	
					OI	Vol
June	75.72	0.05	1652715	1818369	-3.40	-32.65
July	75.90	0.00	501019	305096	17.95	-12.38
Jun-Jul	-0.36	-	-	1406221	-	83.22

- The dollar-rupee contract on the NSE was at 75.72 in the last session. The open interest declined by almost 3.4% in June series while it has increased almost 18% in the July series
- Despite the ongoing risk on momentum seen in most emerging markets, Indian equities paused and witnessed some profit booking. Deprecation in the rupee can be attributed to that

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jun)	75.26	75.49	75.65	75.88	76.03
US\$INR (Jul)	75.61	75.77	75.89	76.05	76.18
EURINR (Jun)	84.43	84.61	84.81	84.99	85.19
EURINR (Jul)	84.74	84.89	85.03	85.18	85.32
GBPINR (Jun)	94.25	94.57	94.76	95.08	95.27
GBPINR (Jul)	94.40	94.75	95.01	95.36	95.63
JPYINR (Jun)	69.08	69.34	69.49	69.75	69.90
JPYINR (Jul)	69.33	69.56	69.71	69.94	70.09

US\$INR Strategy

US\$INR Jun futures contract (NSE)

Buy US\$ in the range of 75.43-75.47	Market Lot: US\$1000
Target: 75.75/ 75.90	Stop Loss: 75.32
Support: 75.32/75.15	Resistance: 75.75/76.95

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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