

June 30, 2020

# Daily Currency outlook

## Recommendation in the report

| Currency Pair | Contract     | Action | Price | Target | Stoploss | Duration |
|---------------|--------------|--------|-------|--------|----------|----------|
| US\$INR       | July futures | Buy    | 75.60 | 75.85  | 75.45    | 1 day    |

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## Spot Currency

| Currency | Close | % Change |
|----------|-------|----------|
| US\$-INR | 75.58 | -0.11    |
| EUR-INR  | 85.07 | 0.38     |
| GBP-INR  | 93.07 | -0.83    |
| INR-JPY  | 0.71  | 0.00     |

## Global Bonds

| Indices         | Close | % Change |
|-----------------|-------|----------|
| India 10 Year   | 5.90  | -0.17    |
| India 2 Year    | 4.18  | -0.50    |
| US 10 Year      | 0.65  | 1.72     |
| US 2 Year       | 0.17  | -1.19    |
| Germany 10 Year | -0.46 | -4.78    |

## FII Activity

| Segment | Purchase | Sell | Net Rs. crores |
|---------|----------|------|----------------|
| Equity  | 4749     | 5707 | -958           |
| Debt    | 1550     | 1347 | 203            |
| Net     |          |      | -754           |

Source: Bloomberg, ICICI Direct Research

- The rupee continued to find strength despite weak equity markets and ended the day at 75.58, gaining more than 6 paise. After a positive opening, the rupee spent the rest of the session in a narrow range of 75.50-75.60

- The dollar index failed to sustain above 97.50 levels and lost some ground. It weakened against all its Group-of-10 peers after a coronavirus vaccine developed by a Chinese firm received approval for military use and a stronger-than-expected CNY fixing weighed on demand for haven assets

- The Nifty opened below 10300, triggering huge volatility due to weak global cues. However, the index managed to recover 80 points from its bottom as a recovery was seen in FMCG stocks and HDFC Bank. On the weekly options front, ATM strike of Call and Put has significant OI suggesting it may largely consolidate around 10300 levels

- The Bank Nifty opened gap down and remained sideways in the first half of the day. However, in the second half, a recovery was seen in HDFC Bank and Kotak Mahindra Bank helping the index to recover almost 350 points from the support level of 21000

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 754 crore on June 26, 2020. They sold almost ₹ 958 crore in the equity market and bought ₹ 203 crore in the debt market. FIIs have bought close to ₹ 20730 crore in equities in the June series as of now

## Currency futures on NSE

| Contracts | LTP   | chnng (%) | OI      | Vol     | (% ) change |        |
|-----------|-------|-----------|---------|---------|-------------|--------|
|           |       |           |         |         | OI          | Vol    |
| July      | 75.69 | -0.15     | 1706657 | 1187251 | 2.34        | -26.52 |
| Aug       | 75.91 | -0.14     | 208527  | 135841  | 8.29        | 38.73  |
| Jul-Aug   | -0.22 | -         | -       | 1051410 | -           |        |

- The rupee has been finding support near 75.35-75.40 levels (spot). We expect it to witness a fresh up move from these levels. Only a close below it may trigger further downsides in the currency pair
- The dollar-rupee contract on the NSE was at 75.69 in the last session. The open interest increased almost 2.5% in the July series

## Pivot levels

| Futures       | S2    | S1    | Pivot | R1    | R2    |
|---------------|-------|-------|-------|-------|-------|
| US\$INR (Jul) | 75.56 | 75.68 | 75.77 | 75.89 | 75.99 |
| US\$INR (Aug) | 75.80 | 75.91 | 76.00 | 76.12 | 76.20 |
| EURINR (Jul)  | 84.67 | 84.88 | 85.05 | 85.26 | 85.43 |
| EURINR (Aug)  | 84.98 | 85.18 | 85.33 | 85.53 | 85.68 |
| GBPINR (Jul)  | 93.69 | 93.86 | 94.04 | 94.21 | 94.39 |
| GBPINR (Aug)  | 94.02 | 94.15 | 94.30 | 94.44 | 94.59 |
| JPYINR (Jul)  | 70.49 | 70.72 | 70.86 | 71.09 | 71.23 |
| JPYINR (Aug)  | 70.74 | 70.96 | 71.08 | 71.30 | 71.42 |

## US\$INR Strategy

### US\$INR Jul futures contract (NSE)

|                                      |                         |
|--------------------------------------|-------------------------|
| Buy US\$ in the range of 75.58-75.62 | Market Lot: US\$1000    |
| Target: 75.85/ 76.05                 | Stop Loss: 75.45        |
| Support: 75.45/75.30                 | Resistance: 75.85/76.05 |

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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