

July 1, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	July futures	Buy	75.62	76.00	75.50	1 day

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Spot Currency

Currency	Close	% Change
US\$-INR	75.51	-0.09
EUR-INR	84.74	-0.39
GBP-INR	92.80	-0.29
JPY-INR (Future)	70.35	-0.07

Global Bonds

Indices	Close	% Change
India 10 Year	5.88	-0.34
India 2 Year	4.17	-0.19
US 10 Year	0.69	5.99
US 2 Year	0.15	-7.23
Germany 10 Year	-0.46	0.00

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	5411	5512	-101
Debt	2499	1068	1431
Net			1329

Source: Bloomberg, ICICI Direct Research

- The rupee managed to further appreciate by 7 paise and ended near 75.51 levels on the back of positive equities. However, rising concern on the number of Covid-19 cases would keep the rupee move in check
- The Dollar index again closed above 97.50 levels and is expected to move towards 98 levels in coming sessions. Investors keep gauging the rising Covid-19 cases vs. economic performance. However, traders will be waiting Chief J Powell's testimony on Coronavirus Aid, Relief and Economic Security Act' before the Committee on Financial Services

- Despite starting the day on a positive note, Call writers of OTM strikes dominated the day and dragged the Nifty lower. The Nifty tested its major Put base of 10300 due to selling in heavyweights
- For a major part of the day, the Bank Nifty remained under pressure due to selling in private banks along with PSU and midcap banks. In the weekly options space, 21500 Call has significant OI that may act as a hurdle on upsides. On the other hand, 21000 Put has significant OI suggesting a broader trading range of 21000-21500

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 1329 crore on June 27, 2020. They sold almost ₹ 101 crore in the equity market and bought ₹ 1431 crore in the debt market. FIIs have bought close to ₹ 22059 crore in equities in the June series as of now

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
July	75.79	0.13	1631139	1171942	-4.42	-1.29
Aug	76.02	0.14	217587	182490	4.34	34.34
Jul-Aug	-0.23	-	-	989452	-	

- The rupee is finding support and has appreciated in the past few sessions. However, the Dollar index has managed to move above its intermediate hurdle of 97.5. We feel this will keep EM currencies move in check including rupee
- The dollar-rupee contract on the NSE was at 75.79 in the last session. The open interest fell almost 4.4% in the last session

Pivot levels

US\$INR (Jul)	75.56	75.67	75.74	75.85	75.92
US\$INR (Aug)	75.79	75.90	75.97	76.08	76.15
EURINR (Jul)	84.68	84.82	85.00	85.14	85.32
EURINR (Aug)	84.95	85.10	85.30	85.45	85.65
GBPINR (Jul)	92.65	92.84	93.03	93.22	93.41
GBPINR (Aug)	93.04	93.18	93.34	93.48	93.64
JPYINR (Jul)	70.12	70.23	70.32	70.43	70.51
JPYINR (Aug)	70.32	70.46	70.58	70.72	70.84

US\$INR Strategy

US\$INR Jul futures contract (NSE)

Buy US\$ in the range of 75.60-75.65	Market Lot: US\$1000
Target: 75.80/ 76.00	Stop Loss: 75.50
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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