

July 6, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	July futures	Sell	74.97	74.70	75.10	1 day

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Spot Currency

Currency	Close	% Change
US\$-INR	74.63	-1.30
EUR-INR	83.89	-1.00
GBP-INR	93.03	0.25
JPY-INR (Future)	70.40	0.07

Global Bonds

Indices	Close	% Change
India 10 Year	5.86	0.27
India 2 Year	4.23	1.39
US 10 Year	0.69	3.44
US 2 Year	0.16	3.87
Germany 10 Year	-0.44	1.40

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	4016	4342	-326
Debt	912	911	1
Net			-325

Source: Bloomberg, ICICI Direct Research

- The rupee further appreciated by almost 32 paise and ended near 74.63 levels as optimism over potential Covid-19 vaccine continued. Weakness in the Dollar index as well as positive domestic equities provided more boost

- The Dollar index continued to remain near 97 levels following the release of mixed US labour reports. We feel the index could consolidate near this level

- The buying interest continued in Nifty stocks for a second day in a row supported by positive global cues. Sectorally, the action was seen in BFSI, technology and auto stocks whereas profit booking was witnessed in pharma and FMCG stocks.

- Despite witnessing buying during the day, the Bank Nifty failed to maintain the momentum. However, a recovery was seen in midcap banks. Most PSU banks witnessed profit booking whereas late selling in leading private banks also added more pressure

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 325 crore on July 1, 2020. They sold almost ₹ 326 crore in the equity market and bought ₹ 1 crore in the debt market. FIIs have bought close to ₹ 325 crore in equities in the July series as of now

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
July	74.84	-0.07	1714420	2291607	-1.01	-1.96
Aug	75.06	-0.09	304506	275686	9.39	-21.81
Jul-Aug	-0.22	-	-	2015921	-	

- Positive inflows continued to drive the rupee higher. It is moving towards its October 2018 levels. We feel the rupee will consolidate near 74.5 levels
- The dollar-rupee contract on the NSE was at 74.84 in the last session. The open interest fell almost 1.0% in the last session

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jul)	74.26	74.58	75.14	75.46	76.02
US\$INR (Aug)	74.48	74.80	75.38	75.70	76.27
EURINR (Jul)	83.83	84.17	84.75	85.09	85.67
EURINR (Aug)	84.14	84.46	85.03	85.35	85.92
GBPINR (Jul)	92.95	93.32	93.96	94.34	94.98
GBPINR (Aug)	93.16	93.56	94.27	94.68	95.38
JPYINR (Jul)	69.13	69.42	69.94	70.23	70.75
JPYINR (Aug)	69.39	69.66	70.18	70.45	70.97

US\$INR Strategy

US\$INR Jul futures contract (NSE)

Sell US\$ in the range of 74.95-75.00	Market Lot: US\$1000
Target: 74.80/ 74.70	Stop Loss: 75.1
Support: 74.70/74.80	Resistance: 75.20/75.30

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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