

July 21, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	July futures	Sell	75.07	74.80	75.20	1 day

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$-INR	74.92	75.02	-0.13
EUR-INR	85.53	85.64	-0.13
GBP-INR	94.52	95.92	-1.46
JPY-INR (Future)	69.95	70.14	-0.27

Global Bonds

Indices	Close	Pvs. Close	% Change
India 10 Year	5.80	5.80	-0.02
India 2 Year	4.17	4.16	0.43
US 10 Year	0.61	0.62	-0.81
US 2 Year	0.15	0.15	0.00
Germany 10 Year	-0.46	-0.45	1.10

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	5367	4564	803
Debt	940	877	63
Net			866

Source: Bloomberg, ICICI Direct Research

- The rupee started the week on a positive note and appreciated by 11 paise to close below 75. A choppy Dollar index and positive domestic equities continued to drive the rupee

- Choppiness in the Dollar index continued but it bounced from its bottom and moved towards 96 levels. Selling was seen in EUR/US\$, which added to US dollar buying

- The Nifty consolidated with a positive bias during the week and was able to recover from lower levels of 10550 on fresh additions. The index is likely to test 11000, 11200 in coming weeks with support at 10750

- Banking heavyweights have remained underperformers and a leg of short covering is expected in these stocks. This is expected to keep indices at higher levels

- Foreign institutional investors (FII) were net buyer to the tune of ₹ 866 crore on July 16, 2020. They bought ₹ 803 crore in the equity market and ₹ 63 crore in the debt market. FIIs have bought close to ₹ 3091 crore in the July series as of now

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
July	74.84	-0.30	1495923	1257744	11.40	-6.34
Aug	75.07	-0.29	721286	267647	6.95	32.68
Jul-Aug	-0.23	-	-	990097	-	

- The rupee continued to strengthen against the dollar. It has moved below 75 levels. We feel the rupee could move towards 74.5 levels in the coming days
- The dollar-rupee contract on the NSE was at 74.84 in the last session. The open interest rose 11.4% in the last session

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jul)	74.63	74.74	74.92	75.02	75.20
US\$INR (Aug)	74.85	74.96	75.16	75.28	75.48
EURINR (Jul)	85.43	85.60	85.71	85.88	85.99
EURINR (Aug)	85.74	85.89	85.98	86.14	86.23
GBPINR (Jul)	93.79	94.00	94.35	94.56	94.90
GBPINR (Aug)	94.07	94.28	94.62	94.82	95.16
JPYINR (Jul)	70.24	70.14	70.19	70.09	70.14
JPYINR (Aug)	70.45	70.35	70.40	70.30	70.35

US\$INR Strategy

US\$INR Jul futures contract (NSE)

Sell US\$ in the range of 75.05-75.10	Market Lot: US\$1000
Target: 74.90/ 74.80	Stop Loss: 75.20
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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