

July 28, 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	Pvs. Close	% Change
US\$-INR	74.83	74.83	0.00
EUR-INR	86.94	86.94	0.00
GBP-INR	96.31	95.57	0.77
JPY-INR (Future)	71.01	70.40	0.87

Global Bonds

Indices	Close	Pvs. Close	% Change
India 10 Year	5.86	5.82	0.72
India 2 Year	4.23	4.17	1.37
US 10 Year	0.63	0.59	7.00
US 2 Year	0.15	0.15	3.40
Germany 10 Year	-0.49	-0.45	7.74

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	5646	5269	377
Debt	664	764	-100
Net			277

Source: Bloomberg, ICICI Direct Research

- Due to muted domestic equities and concerns over geopolitical developments, the rupee ended flat given its morning gains. However, we continue to feel 75 level could be a possible hurdle for the rupee

- The weakness in the Dollar index continued as it slipped towards its two years low on news of another round of stimulus to boost the US economy

- Despite outperformance in technology and metal stocks, the index was unable to hold on to its gains on the back of intense selling in banking and pharma stocks. On the options front, aggressive Call writing was seen in 11200 and 11300 strikes, which may act as immediate hurdle on upsides

- Last session, the Bank Nifty opened lower and remained under pressure throughout the day. It saw a sharp decline as relentless selling was seen in leading private and PSU banks. The Bank Nifty is well placed to test its Put base of 21500 with intermediate hurdle of 22000

- Foreign institutional investors (FII) were net buyer to the tune of ₹ 277 crore on July 23, 2020. They bought ₹ 377 crore in the equity market and sold ₹ 100 crore in the debt market. FIIs have bought close to ₹ 7926 crore in the July series as of now

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
July	74.82	-0.05	1379629	1283576	-8.50	-11.91
Aug	75.03	-0.07	1000372	610704	18.40	71.55
Jul-Aug	-0.21	-	-	672872	-	

- Profit booking is clearly visible in the US\$INR at higher levels. Looking at the declining Dollar index, we feel EM currencies would appreciate
- The dollar-rupee contract on the NSE was at 74.82 in the last session. The open interest fell 8.5% in the last session

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jul)	74.51	74.68	74.78	74.95	75.06
US\$INR (Aug)	74.75	74.91	75.01	75.17	75.27
EURINR (Jul)	86.16	86.42	86.58	86.84	86.99
EURINR (Aug)	86.45	86.69	86.84	87.08	87.23
GBPINR (Jul)	94.74	94.91	95.12	95.29	95.50
GBPINR (Aug)	95.02	95.18	95.38	95.55	95.75
JPYINR (Jul)	69.52	69.68	69.79	69.95	70.07
JPYINR (Aug)	70.06	70.18	70.24	70.36	70.42

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..10
Support: 74.60/74.70	Resistance: 75.00/75.10

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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