

July 31, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	August futures	Sell	75.13	74.80	75.25	1 day

Research Analysts

Amit Gupta

amit.gup@icicisecurities.com

Nandish Patel

nandish.patel@icicisecurities.com

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Dipesh Dedhia

dipesh.dedhia@icicisecurities.com

Spot Currency

Currency	Close	Pvs. Close	% Change
US\$-INR	74.84	74.80	0.05
EUR-INR	88.17	88.12	0.06
GBP-INR	97.50	97.13	0.38
JPY-INR (Future)	71.36	71.33	0.04

Global Bonds

Indices	Close	Pvs. Close	% Change
India 10 Year	5.82	5.83	-0.17
India 2 Year	4.20	4.22	-0.52
US 10 Year	0.53	0.57	-7.67
US 2 Year	0.11	0.13	-14.29
Germany 10 Year	-0.55	-0.51	8.51

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	5651	5942	-291
Debt	454	692	-238
Net			-528

Source: Bloomberg, ICICI Direct Research

- For the second day in a row selling was seen in domestic equities which pressure rupee marginally and it fell ~4 paise. However, a fall in crude oil prices and Dollar index will help the rupee to appreciate

- The dollar on Thursday dropped to its lowest level since May 2018 as the Federal Reserve said it plans to keep interest rates close to zero and inflation hedges continue to show strength

- The Nifty extended Wednesday's losses and ended at 11102 with a loss of 0.90%. The index reversed from its strong hurdle level of 11300 and remained negative throughout the day

- Selling continued in the banking space, dragging the banking index lower to 22000. Selling was seen in PSU and midcap banks. Looking at the weekly options data, we feel the index may take support at 21000, as it has significant OI in Put option

- Foreign institutional investors (FII) were net seller to the tune of ₹ 528 crore on July 28, 2020. They sold ₹ 291 crore in the equity market and sold ₹ 238 crore in the debt market. FIIs have bought close to ₹ 7650 crore in the July series as of now

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
Aug	75.09	0.18	1541258	1235361	-0.56	-31.89
Sep	75.30	0.17	225775	109306	9.34	-13.63
Jul-Aug	-0.22	-	-	1126055	-	

- As the Dollar index fell to a two years low and moved towards May 2018 low, we feel the rupee will appreciate and again move below 75 levels
- The dollar-rupee contract on the NSE was at 75.09 in the last session. The open interest fell 0.56% in the last session

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	74.68	74.81	75.05	75.19	75.43
US\$INR (Sep)	74.97	75.07	75.25	75.35	75.53
EURINR (Aug)	87.62	87.77	88.01	88.16	88.40
EURINR (Sep)	87.88	88.03	88.25	88.40	88.62
GBPINR (Aug)	96.52	96.81	97.05	97.34	97.57
GBPINR (Sep)	96.77	97.06	97.28	97.58	97.80
JPYINR (Aug)	71.08	71.21	71.40	71.53	71.72
JPYINR (Sep)	71.29	71.42	71.61	71.73	71.92

US\$INR Strategy

US\$INR Aug futures contract (NSE)

Sell US\$ in the range of 75.10-75.15	Market Lot: US\$1000
Target: 75.00/ 74.80	Stop Loss: 75..25
Support: 74.70/74.80	Resistance: 75.15/75.25

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.



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruvi Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

I/We, Amit Gupta B.E, MBA (Finance), Raj Deepak Singh BE, MBA (Finance), Nandish Patel BCOM, Dipesh Dedhia BCOM, MBA (Finance), authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities Limited. The author may be holding a position in currency derivatives as on date of release of this report. ICICI Securities Limited may be holding a proprietary position in currency derivatives as on the date of release of this report." This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. ICICI Securities Ltd and affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Actual results may differ materially from those set forth in projections. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities Ltd and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.