

August 3, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	August futures	Sell	75.10	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	% Change
US\$-INR	74.81	-0.04
EUR-INR	84.48	-4.19
GBP-INR	98.22	0.74
JPY-INR (Future)	71.50	0.20

Global Bonds

Indices	Close	% Change
India 10 Year	5.84	0.29
India 2 Year	4.20	-0.10
US 10 Year	0.54	0.94
US 2 Year	0.12	0.88
Germany 10 Year	-0.55	1.09

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	5651	5942	-291
Debt	524	707	-183
Net			-474

Source: Bloomberg, ICICI Direct Research

- The downtrend in the dollar index did not impact the rupee. It remained range bound below 75 levels. Weakness in equities also did not help in appreciation of the currency pair. However, we expect it to breach 74.50 levels in the days to come

- The dollar intensified the decline and moved below 93 following the dovish note at the FOMC meeting on Wednesday, when the committee showed increasing concerns on the impact of the Coronavirus pandemic on the economy

- The Nifty started the July series on a positive note amid high volatility. Stock specific buying was seen in industry heavyweights, helping the Nifty to stay firm above 10300

- The Bank Nifty recovered from its day's low on the back of buying in HDFC Bank, IndusInd Bank, Axis Bank. On the weekly options front, aggressive additions were seen in 20500 and 21000 Put strikes. This level should act as support on the downsides, We feel the ongoing uptrend in the Bank Nifty will remain the same till it trades above 21000

- Foreign institutional investors (FII) were net seller to the tune of ₹ 474 crore on July 30, 2020. They sold ₹ 291 crore in the equity market and sold ₹ 183 crore in the debt market. FIIs have bought close to ₹ 7361 crore in the July series as of now

Currency futures on NSE

Contracts	LTP	chg (%)	OI	Vol	(% change)	
					OI	Vol
Aug	75.00	-0.11	1558873	1523639	1.14	23.34
Sep	75.21	-0.12	255328	183571	13.09	67.94
Aug-Sep	-0.21	-	-	1340068	-	-

- As the Dollar index fell to two years low and moved towards May 2018 low, we feel the rupee will appreciate and is likely to move towards 74.50 level
- The dollar-rupee contract on the NSE was at 75.00 in the last session. The open interest increased 1.14% in the last session

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	74.77	74.89	74.99	75.10	75.20
US\$INR (Sep)	74.99	75.10	75.20	75.31	75.41
EURINR (Aug)	88.14	88.41	88.83	89.11	89.53
EURINR (Sep)	88.53	88.73	89.11	89.31	89.69
GBPINR (Aug)	97.76	98.10	98.33	98.67	98.91
GBPINR (Sep)	98.04	98.37	98.58	98.91	99.12
JPYINR (Aug)	71.14	71.32	71.60	71.78	72.07
JPYINR (Sep)	71.43	71.57	71.84	71.98	72.25

US\$INR Strategy

US\$INR Aug futures contract (NSE)

Sell US\$ in the range of 75.08-75.12	Market Lot: US\$1000
Target: 74.80/ 74.60	Stop Loss: 75..25
Support: 74.80/74.60	Resistance: 75.25/75.35

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, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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