

August 4, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	August futures	Sell	75.43	75.10	75.58	1 day

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$-INR	75.01	74.81	0.27
EUR-INR	88.24	84.48	4.45
GBP-INR	97.94	98.22	-0.29
JPY-INR (Future)	71.08	71.50	-0.59

Global Bonds

Indices	Close	% Change
India 10 Year	5.84	0.00
India 2 Year	4.19	-0.07
US 10 Year	0.55	2.06
US 2 Year	0.11	-5.22
Germany 10 Year	-0.53	-4.33

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	7568	6146	1422
Debt	843	1547	-704
Net			717

Source: Bloomberg, ICICI Direct Research

- The downtrend in the dollar index halted and it saw a sharp reversal in the last session. The speculators had increased their US dollar shorts by an additional \$5.2 billion last week, taking overall bearish exposure to \$24.2 billion. Thus, it was highest in almost nine years. Hence, a round of covering cannot be ruled out

- The rupee has depreciated and moved beyond 75 levels amid weakness in equities. We believe 75.50 levels will be crucial resistance for the rupee in coming sessions

- The Nifty started the July series on 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 buyers to the tune of ₹ 717 crore on July 31, 2020. They bought ₹ 1422 crore in the equity market and sold ₹ 704 crore in the debt market. FIIs have bought close to ₹ 7562 crore in equities during the July series

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(%) change	
					OI	Vol
Aug	75.45	0.60	1567584	1645363	0.56	7.99
Sep	75.67	0.61	279910	148285	9.63	-19.22
Aug-Sep	-0.22	-	-	1497078	-	

- As the Dollar index saw sharp reversal from its two year's low and started moving up, the rupee also depreciated. However, considering high Call base at 75.50 strike, current levels are crucial in the downtrend
- The dollar-rupee contract on the NSE was at 75.45 in the last session. The open interest in August series remained almost flat while the next series saw addition of almost 10% shares

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	74.90	75.17	75.33	75.60	75.76
US\$INR (Sep)	75.13	75.40	75.55	75.82	75.97
EURINR (Aug)	88.14	88.31	88.45	88.61	88.75
EURINR (Sep)	88.20	88.45	88.65	88.89	89.09
GBPINR (Aug)	97.82	98.00	98.27	98.46	98.73
GBPINR (Sep)	98.06	98.25	98.51	98.70	98.96
JPYINR (Aug)	70.64	70.85	71.08	71.30	71.53
JPYINR (Sep)	70.90	71.18	71.35	71.63	71.80

US\$INR Strategy

US\$INR Aug futures contract (NSE)

Sell US\$ in the range of 75.40-75.45	Market Lot: US\$1000
Target: 75.10/ 74.90	Stop Loss: 75..58
Support: 75.70/74.90	Resistance: 75.58/75.75

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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