

August 5, 2020

## Daily Currency outlook

### Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	August futures	Sell	75.35	75.10	75.48	1 day

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## Spot Currency

Currency	Close	Pvs. Close	% Change
US\$-INR	75.05	75.01	0.05
EUR-INR	88.31	88.24	0.08
GBP-INR	97.81	97.94	-0.13
JPY-INR (Future)	70.96	71.08	-0.17

## Global Bonds

Indices	Close	% Change
India 10 Year	5.83	-0.07
India 2 Year	4.20	0.12
US 10 Year	0.54	-1.47
US 2 Year	0.11	3.67
Germany 10 Year	-0.54	2.26

## FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	13432	5908	7524
Debt	35	243	-208
Net			7316

Source: Bloomberg, ICICI Direct Research

- The rupee spot prices did not appreciate much and closed the day almost flat above 75 levels. However, futures saw a decline of almost 20 paise in the last session amid buoyant equities. We believe that breach of 74.50-75.50 range will bring a sharp directional move in the currency pair

- The Euro witnessed a sharp up move in July and is consolidating near highs. We do not see any major weakness. The current momentum is likely to continue after a brief consolidation

- The Nifty witnessed a volatile trading day. However, it recovered from support levels of 10900 and finally ended 200 points higher. Looking at the open positions in 11000 Call and Put, we feel that in the coming sessions, consolidation can be seen around these levels

- Ahead of RBI's policy meet, outperformance in banking stocks continued with the index rallying nearly 400 points from the low and ending above 21500. Leading private banks witnessed strong buying from lower levels whereas select PSU banks also remained strong. We expect 21000 to remain a strong support

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 7316 crore on August 03, 2020. They bought ₹ 7524 crore in the equity market and sold ₹ 206 crore in the debt market. The significantly high FII numbers were due to block deal in Bandhan Bank

## Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(%) change	
					OI	Vol
Aug	75.30	-0.20	1606722	1513122	2.50	-8.04
Sep	75.51	-0.21	292084	111170	4.35	-25.03
Aug-Sep	-0.21	-	-	1401952	-	

- As the Dollar index saw a 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 75.30 in the last session. The open interest in August series increased 2.5% while in the next series it increased more than 4%

## Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	75.03	75.16	75.28	75.41	75.53
US\$INR (Sep)	75.26	75.38	75.50	75.62	75.74
EURINR (Aug)	88.35	88.46	88.59	88.70	88.83
EURINR (Sep)	88.64	88.73	88.84	88.93	89.05
GBPINR (Aug)	97.59	97.80	98.19	98.40	98.80
GBPINR (Sep)	97.86	98.06	98.44	98.64	99.02
JPYINR (Aug)	70.77	70.88	70.98	71.08	71.18
JPYINR (Sep)	70.98	71.04	71.16	71.22	71.34

## US\$INR Strategy

### US\$INR Aug futures contract (NSE)

Sell US\$ in the range of 75.33-75.37	Market Lot: US\$1000
Target: 75.10/ 74.90	Stop Loss: 75.48
Support: 75.10/74.90	Resistance: 75.48/75.65

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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