

August 6, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	August futures	Sell	75.15	74.80	75.28	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	74.94	75.05	-0.15
EUR-INR	88.59	88.31	0.32
GBP-INR	98.13	97.81	0.33
JPY-INR (Future)	70.89	70.96	-0.10

Global Bonds

Indices	Close	% Change
India 10 Year	5.83	-0.10
India 2 Year	4.20	-0.05
US 10 Year	0.53	-0.93
US 2 Year	0.12	1.77
Germany 10 Year	-0.52	-3.69

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 moved below 75 levels once again while futures saw declines of almost 30 paise ahead of monetary policy. Positive equities also helped currency to remain buoyant. We expect rupee to move towards 74.50 levels

- The dollar index resumed its decline after a bounce for couple of days. It has moved below 93 levels once again after testing levels of 94 on Monday. Meanwhile Euro continued to witness strength and is currently around 1.19 levels

- On Wednesday, the Nifty witnessed high volatility and ended on the lower side Nifty ending near 11100. Sectorally, from highs, selling pressure was visible in banking, pharma and select technology stocks while buying was seen in auto and metal stocks. On the downside, 11000 remains a crucial support as it holds significant OI in Put option

- The choppiness in banking stocks continued as the Bank Nifty again slipped from higher levels and ended flat at 21550. Most of the private as well as PSU banks witnessed a leg of profit booking

- 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	75.01	-0.39	1633766	1572848	1.68	3.95
Sep	75.23	-0.37	295841	105148	1.29	-5.42
Aug-Sep	-0.22	-	-	1467700	-	

- As the Dollar index started weakening again, the rupee also started its downward trend. Monetary policy may trigger some directional move in the pair. However, we expect prevailing range of 74.50-75.50 to continue.
- The dollar-rupee contract on the NSE was at 75.01 in the last session. The open interest in August series increased 1.7% while in next series it increased more than 1.3%

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	74.67	74.85	75.02	75.20	75.37
US\$INR (Sep)	75.04	75.14	75.28	75.37	75.52
EURINR (Aug)	88.44	88.63	88.78	88.97	89.11
EURINR (Sep)	88.70	88.89	89.04	89.22	89.37
GBPINR (Aug)	97.90	98.16	98.29	98.54	98.68
GBPINR (Sep)	98.18	98.42	98.54	98.77	98.89
JPYINR (Aug)	70.61	70.75	70.96	71.10	71.31
JPYINR (Sep)	70.84	70.97	71.18	71.30	71.51

US\$INR Strategy

US\$INR Aug futures contract (NSE)

Sell US\$ in the range of 75.13-75.17	Market Lot: US\$1000
Target: 74.80/ 74.60	Stop Loss: 75.28
Support: 74.80/74.60	Resistance: 75.28/75.38

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, Akruti 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.