

August 7, 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	75.22	1 day

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## Spot Currency

Currency	Close	Pvs. Close	% Change
US\$-INR	74.93	74.94	-0.01
EUR-INR	88.77	88.59	0.20
GBP-INR	98.72	98.13	0.60
JPY-INR (Future)	71.21	70.89	0.45

## Global Bonds

Indices	Close	% Change
India 10 Year	5.86	0.63
India 2 Year	4.23	0.76
US 10 Year	0.52	-2.06
US 2 Year	0.11	-3.48
Germany 10 Year	-0.54	3.83

## FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	5451	4575	876
Debt	1212	1089	122
Net			998

Source: Bloomberg, ICICI Direct Research

- Rupee spot prices ended almost flat for another session and weakened marginally after opening lower. RBI policy did not make any major impact on the rupee as policy rates remained unchanged. Despite positive equities, the rupee was unable to move below 75 levels

- The dollar index is alternating between gains and losses in the second half of the week, near the key 93.00 mark and against the backdrop of solid sentiment in the risk-associated universe. However, any reversal may be considered only above 94 levels for the dollar index

- The Nifty opened gap up and remained positive throughout the day amid high volatile session. Outperformance was seen in pharma, technology and select FMCG stocks. On the options front, 11000 Put strike has maximum OI that will be crucial support level on downsides. On the other hand, additions were seen in 11200 and 11300 strikes that should be immediate hurdle on upsides

- Post the RBI's policy meet, the bank index witnessed high volatility and ended with negligible gain of 0.50%. In the Bank Nifty, major additions were seen in 21000 Put and 22000 Call strike

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 998 crore on August 4, 2020. They bought ₹ 876 crore in the equity market and ₹ 122 crore in the debt market. FIIs have bought equities worth ₹ 8400 in August so far while in the debt market they were net sellers of ₹ 86 crore

## Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(%) change	
					OI	Vol
Aug	75.08	0.09	1593293	1620072	-2.48	3.00
Sep	75.27	0.05	314275	132160	6.23	25.69
Aug-Sep	-0.19	-	-	1487912	-	

- As policy rates remained unchanged, focus will shift to global currencies once again. A move above 94 levels for dollar index may be the first sign of a reversal. Till then, we expect prevailing range of 74.50-75.50 for US\$INR to continue
- The dollar-rupee contract on the NSE was at 75.06 in the last session. The open interest in the August series fell 2.5% while it increased almost 6% in the next series

## Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	74.83	74.97	75.06	75.21	75.30
US\$INR (Sep)	75.05	75.18	75.28	75.41	75.50
EURINR (Aug)	88.58	88.78	89.03	89.23	89.48
EURINR (Sep)	88.86	89.04	89.29	89.48	89.72
GBPINR (Aug)	98.14	98.53	98.76	99.16	99.39
GBPINR (Sep)	98.27	98.71	98.98	99.42	99.70
JPYINR (Aug)	70.88	71.06	71.14	71.32	71.41
JPYINR (Sep)	71.12	71.28	71.36	71.52	71.60

## 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: 75.22
Support: 74.80/74.60	Resistance: 75.22/75.38

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.



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