

August 11, 2020

# Daily Currency outlook

## Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	August futures	Sell	75.15	74.90	75.32	1 day

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## Spot Currency

Currency	Close	Pvs. Close	% Change
US\$-INR	74.89	74.93	-0.05
EUR-INR	88.21	88.77	-0.63
GBP-INR	98.02	98.72	-0.71
JPY-INR (Future)	70.73	71.12	-0.55

## Global Bonds

Indices	Close	% Change
India 10 Year	5.89	0.12
India 2 Year	4.25	0.62
US 10 Year	0.55	-0.36
US 2 Year	0.12	-6.20
Germany 10 Year	-0.53	5.14

## FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	5452	4876	576
Debt	787	1244	-457
Net			119

Source: Bloomberg, ICICI Direct Research

- The rupee spot prices remained almost flat for another session and strengthened marginally amid positive equities. However, weak Asian currencies have kept the rupee under check. We expect it to remain in the stated range of 74.50-75.50 for a while

- The US dollar index declined slightly after US President Donald Trump signed an executive order, extending some payments to Americans. That was after talks between Democrats and Republicans failed to reach an agreement last week

- Nifty futures opened gap up and remained quite volatile throughout the day. Stock specific action continued whereas ATM Put writing was seen in 11200 strike, which is likely to provide support on the downsides. Looking at the OI build-up in 11300 Calls, we feel only a close above these levels would open up more upsides

- Outperformance was visible in banking stocks, which led the Bank Nifty to reclaim 22000. Private banks were the leader whereas PSU banks also witnessed a short covering. Looking at the addition in 21500 Put and closure in ATM Call, we feel upsides are likely to continue

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 119 crore on August 7, 2020. They bought ₹ 576 crore in the equity market and sold ₹ 457 crore in the debt market. FIIs have bought equities worth ₹ 8757 in August so far while in debt market they were net sellers of ₹ 866 crore.

## Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
Aug	75.10	-0.03	1493597	919833	-4.86	-27.68
Sep	75.30	-0.05	326435	73255	-0.96	-39.96
Aug-Sep	-0.20	-	-	846578	-	-

- The future of the trade deal between the world's largest economies will be decided late in the week. China has hinted at a collapse of the deal. Any nasty surprise may shake confidence and could boost the safe haven dollar
- The dollar-rupee contract on the NSE was at 75.10 in the last session. The open interest in August series declined by 4.8% while it declined almost 1% in the next series

## Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	74.88	74.99	75.10	75.20	75.31
US\$INR (Sep)	75.12	75.21	75.30	75.40	75.49
EURINR (Aug)	87.79	87.98	88.32	88.51	88.84
EURINR (Sep)	87.99	88.21	88.63	88.85	89.26
GBPINR (Aug)	97.39	97.59	97.91	98.11	98.43
GBPINR (Sep)	97.59	97.80	98.19	98.39	98.78
JPYINR (Aug)	70.39	70.56	70.81	70.99	71.24
JPYINR (Sep)	70.70	70.82	71.04	71.16	71.37

## US\$INR Strategy

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

Sell US\$ in the range of 75.13-75.17	Market Lot: US\$1000
Target: 74.90/ 74.70	Stop Loss: 75.32
Support: 74.90/74.70	Resistance: 75.32/75.48

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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