

August 20, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stop loss	Duration
US\$INR	August	Sell	74.93	74.75	75.05	1 day

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INR Futures

Currency Pair	Close	Pvs. Close	% Change
US\$INR (Aug)	74.90	74.73	0.23
EURINR (Aug)	89.39	88.90	0.55
GBPINR (Aug)	98.97	98.35	0.63
JPY INR (Aug)	71.17	70.80	0.52

Global Bonds

Bonds	Close	Change	% Change
India 10 Year	6.01	0.02	0.37
India 2 Year	4.26	-0.01	-0.28
US 10 Year	0.65	-0.02	-2.47
US 2 Year	0.14	0.00	-2.69
Germany 10 Year	-0.47	-0.02	-3.72

FII & FPI Activities

Segment	Purchase	Sell	Net ₹ Crores
Equity	5396	4345	1051
Debt	659	827	-168
Net			883

Source: Bloomberg, ICICI Direct Research

- US\$INR futures bounced slightly on Wednesday from its strong support zone around 74.70 level. Overall, prices remained within the tight range of 74.70-75.05 for the last more than one week
- The dollar index struggled near 27-month lows on Wednesday, after a record run for stocks on Wall Street added to pressure on the currency from simmering trade tensions between Washington and Beijing

- The Nifty lacked trading volumes and remained lacklustre throughout the day. Post a positive start, the index saw some recovery but could not raise sustainable gains. The advance: decline ratio marginally remained in favour of bulls. However, 11500 Call has maximum OI that may act as immediate hurdle on upsides
- In the first half, the Bank Nifty managed to cross 21400 but was unable to hold on to its gains. At higher levels, profit booking was seen in select private banks, which dragged the Bank Nifty lower from its high. However, outperformance was seen in PSU banks

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 883 crore on August 18, 2020. They bought worth ₹ 1051 crore in the equity market and sold worth ₹ 168 crore in the debt market. In August, FIIs have bought equities worth ₹ 40240 crore so far while in the debt market they sold worth ₹ 805 crore so far

US\$INR futures on NSE

Contracts	LTP	(% change)	OI	Vol	(% change)	
					OI	Vol
Aug	74.90	0.23	1328648	1465898	-0.31	-1.58
Sep	75.12	0.23	551327	251034	10.58	13.06
Aug-Sep	-0.22	-	-	1214864	-	-

- The dollar index has shed more than 5% since the end of June, as broad market risk sentiment has picked up and investors have bet on stronger economic recoveries outside the US
- The dollar-rupee August contract on the NSE was at 74.90 in the last session. The open interest in the August series declined 0.31% while it increased 10.58% in the next series

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	74.57	74.74	74.86	75.03	75.15
US\$INR (Sep)	74.78	74.95	75.07	75.25	75.37
EURINR (Aug)	88.96	89.17	89.32	89.53	89.67
EURINR (Sep)	89.13	89.39	89.55	89.81	89.98
GBPINR (Aug)	98.48	98.73	99.02	99.26	99.56
GBPINR (Sep)	98.66	98.93	99.24	99.51	99.82
JPY INR (Aug)	70.54	70.85	71.05	71.36	71.56
JPY INR (Sep)	70.82	71.09	71.24	71.51	71.67

US\$INR Strategy

US\$INR Aug futures (NSE)

Sell US\$INR in the range of 74.92-74.94	Market Lot: US \$1000
Target: 74.75/74.60	Stop Loss: 75.05
Supports: 74.74/74.57	Resistances: 75.03/75.15

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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