

August 28, 2020

Daily Currency outlook

Recommendation in the report

| Currency Pair | Contract | Action | Price | Target | Stoploss | Duration |
|---------------|----------|--------|-------|--------|----------|----------|
| US\$INR | Sep | Sell | 74.25 | 73.91 | 74.48 | 1 day |

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INR Futures

| Currency Pair | Close | Pvs. Close | % Change |
|---------------|-------|------------|----------|
| US\$INR (Sep) | 74.13 | 74.49 | -0.47 |
| EURINR (Sep) | 87.51 | 88.02 | -0.58 |
| GBPINR (Sep) | 97.66 | 97.96 | -0.30 |
| JPYINR (Sep) | 69.89 | 70.13 | -0.35 |

Global Bonds

| Bonds | Close | Change | % Change |
|-----------------|-------|--------|----------|
| India 10 Year | 6.15 | -0.06 | -0.90 |
| India 2 Year | 4.48 | 0.00 | -0.07 |
| US 10 Year | 0.65 | 0.00 | 0.00 |
| US 2 Year | 0.14 | 0.00 | 0.00 |
| Germany 10 Year | -0.43 | -0.02 | -3.90 |

FII & FPI Activities

| Segment | Purchase | Sell | Net ₹ Crores |
|---------|----------|------|--------------|
| Equity | 6835 | 5180 | 1654 |
| Debt | 1937 | 1520 | 417 |
| Net | | | 2071 |

- US\$INR futures fell sharply on Thursday as a weaker dollar trend earlier dragged prices to their fresh five month low of 74.02. However, small correction in domestic equities gave some support to the pair
- The US dollar index gained on Thursday in choppy trading after Federal Reserve Chairman Jerome Powell said, as widely expected, that the US central bank would roll out an aggressive new strategy to lift US employment and inflation

- After moving around 11450 since Monday, the Nifty continued its upward journey and remained firm above these levels throughout the day. IVs remained muted near 19%, which provided more comfort to OTM Put writers. Looking at the OI data, we feel Nifty might consolidate at current levels with positive bias
- For the major part of the day, Bank Nifty futures traded near 23500 with stock specific actions. Private banks continued to perform well while buying was seen in PSU banks. We expect the rally to continue towards its Call base of 24000

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 2071 crore on August 26, 2020. They bought worth ₹ 1654 crore in the equity market and also bought worth ₹ 417 crore in the debt market. In August, FIIs have bought equities worth ₹ 46085 crore so far while in the debt market they have sold worth ₹ 724 crore so far

US\$INR futures on NSE

| Contracts | LTP | (% change) | OI | Vol | (% change) | |
|-----------|-------|------------|---------|---------|------------|--------|
| | | | | | OI | Vol |
| Sep | 74.13 | -0.47 | 1635606 | 3182649 | 34.60 | 249.94 |
| Oct | 74.37 | -0.47 | 245093 | 205498 | 29.08 | 295.45 |
| Sep-Oct | -0.24 | - | - | 2977151 | - | - |

- Under the new approach, the US central bank will seek to achieve inflation averaging 2% over time, offsetting below -2% periods with higher inflation “for some time,” which is likely to put pressure on the dollar
- The dollar-rupee September contract on the NSE was at 74.13 in the last session. The open interest in the September series increased 34.6% while it also increased by 29.08% in the next series

Pivot levels

| Futures | S2 | S1 | Pivot | R1 | R2 |
|---------------|-------|-------|-------|-------|-------|
| US\$INR (Sep) | 73.68 | 73.91 | 74.25 | 74.47 | 74.81 |
| US\$INR (Oct) | 73.64 | 74.01 | 74.63 | 74.99 | 75.61 |
| EURINR (Sep) | 86.95 | 87.23 | 87.74 | 88.02 | 88.53 |
| EURINR (Oct) | 87.29 | 87.56 | 88.03 | 88.30 | 88.77 |
| GBPINR (Sep) | 96.97 | 97.32 | 97.91 | 98.25 | 98.85 |
| GBPINR (Oct) | 97.28 | 97.62 | 98.19 | 98.53 | 99.10 |
| JPYINR (Sep) | 69.29 | 69.59 | 70.05 | 70.35 | 70.82 |
| JPYINR (Oct) | 69.65 | 69.90 | 70.26 | 70.51 | 70.87 |

US\$INR Strategy

US\$INR Sep futures (NSE)

Sell US\$INR in the range of 74.23-74.27

Market Lot: US\$1000

Target: 73.91

Stop Loss: 74.48

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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