

August 31, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	Sep	Sell	73.69	73.30	73.92	1 day

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INR Futures

Currency Pair	Close	Pvs. Close	% Change
US\$INR (Sep)	73.51	74.13	-0.85
EURINR (Sep)	87.55	87.51	0.05
GBPINR (Sep)	97.78	97.66	0.12
JPYINR (Sep)	69.79	69.89	-0.15

Global Bonds

Bonds	Close	Change	% Change
India 10 Year	6.10	-0.05	0.00
India 2 Year	4.49	0.00	0.00
US 10 Year	0.72	-0.03	-4.21
US 2 Year	0.13	-0.03	-15.95
Germany 10 Year	-0.41	0.00	-0.12

FII & FPI Activities

Segment	Purchase	Sell	Net ₹ Crores
Equity	7196	5763	1433
Debt	434	1755	-1321
Net			112

- US\$INR futures continued to fall sharply on Friday as stronger domestic equities coupled with a weaker dollar dragged prices to their fresh five month's low of 73.45
- The dollar index fell on Friday as the US Federal Reserve's new policy framework suggested that interest rates would remain low while the yen surged after Japanese Prime Minister Shinzo Abe announced his resignation

- The Nifty rallied over 80 points and ended above 11600. Sectorally, action was seen in BFSI and select pharma stocks while profit taking was seen in FMCG, auto and metal stocks. Looking at the OI data, we feel the Nifty may consolidate above 11600 with stock specific action
- The Bank Nifty opened higher and held firm above 23500. In the final hours, a sudden surge in leading private banks helped the Bank Nifty to end near its day's high. Looking at the options data, this current recovery may extend up to 25000 as it holds maximum Call OI

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 112 crore on August 25, 2020. They bought worth ₹ 1433 crore in the equity market and sold worth ₹ 1321 crore in the debt market. In August, FIIs have bought equities worth ₹ 47518 crore so far while in debt market they have sold worth ₹ 2045 crore so far

US\$INR futures on NSE

Contracts	LTP	(% change)	OI	Vol	(% change)	
					OI	Vol
Sep	73.51	-0.85	1601110	3364518	-2.11	5.71
Oct	73.74	-0.85	259993	262679	6.08	27.83
Sep-Oct	-0.23	-	-	3101839	-	-

- Market participants expect the current ultra-low rates in the US to stay lower for longer, thereby pressurising the dollar
- The dollar-rupee September contract on the NSE was at 73.51 in the last session. The open interest in the September series declined 2.11% while it increased 6.08% in the next series

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	73.05	73.28	73.69	73.91	74.32
US\$INR (Oct)	73.29	73.51	73.92	74.14	74.55
EURINR (Sep)	87.00	87.27	87.57	87.85	88.15
EURINR (Oct)	87.29	87.57	87.88	88.15	88.46
GBPINR (Sep)	97.17	97.48	97.79	98.09	98.40
GBPINR (Oct)	97.49	97.78	98.08	98.36	98.66
JPYINR (Sep)	68.87	69.33	69.57	70.03	70.28
JPYINR (Oct)	69.14	69.58	69.82	70.26	70.50

US\$INR Strategy

US\$INR Sep futures (NSE)

Sell US\$INR in the range of 73.68-73.70

Market Lot: US\$1000

Target: 73.30

Stop Loss: 73.92

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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