

September 2, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	Sep	Sell	73.19	72.80	73.50	1 day

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INR Futures

Currency Pair	Close	Pvs. Close	% Change
US\$INR (Sep)	73.16	73.44	-0.38
EURINR (Sep)	87.70	87.65	0.05
GBPINR (Sep)	98.54	97.87	0.68
JPY INR (Sep)	69.13	69.38	-0.35

Global Bonds

Bonds	Close	Change	% Change
India 10 Year	5.94	-0.14	-2.22
India 2 Year	4.36	-0.10	-2.26
US 10 Year	0.71	0.02	2.89
US 2 Year	0.14	0.00	2.90
Germany 10 Year	-0.40	0.00	-0.88

FII & FPI Activities

Segment	Purchase	Sell	Net ₹ Crores
Equity	17681	20039	-2358
Debt	1130	1356	-226
Net			-2584

- US\$INR futures fell further on Monday as broad based dollar weakening and a rebound in domestic equities weighed on the pair
- The dollar index slipped to a multi-year low of 91.73 as investors bet the Federal Reserve's policy framework meant US rates would stay low for longer. The Fed's announcement last week that it would tolerate periods of higher inflation and focus more on average inflation along with higher employment encouraged traders to sell the dollar

- For a major part of the day, the index consolidated with 11450 acting as a midpoint amid high volatility. Buying in metal, and pharma led the index to end positive with a gain of 0.7%. On the options front, additions were seen in ATM 11500 Call and Put strike. We feel a consolidation move will take place before crossing the 11600 hurdle
- On Tuesday, the Bank Nifty consolidated throughout the day with stock specific action. However, outperformance was seen in HDFC bank, helping Bank Nifty futures to trade near 24000 levels

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 2584 crore on August 31, 2020. They sold worth ₹ 2358 crore in the equity market and also sold worth ₹ 226 crore in the debt market. In August, FIIs have bought equities worth ₹ 45637 crore while in the debt market they have sold worth ₹ 4156 crore

Source: Bloomberg, Reuters, ICICI Direct Research

US\$INR futures on NSE

Contracts	LTP	(%) change	OI	Vol	(%) change	
					OI	Vol
Sep	73.16	-0.38	1476325	2685109	3.02	-18.97
Oct	73.38	-0.39	274597	210277	4.59	-26.69
Sep-Oct	-0.22	-	-	2474832	-	-

- US political uncertainty ahead of November's presidential election and concerns about US economic recovery are likely to further weaken the greenback
- The dollar-rupee September contract on the NSE was at 73.16 in the last session. The open interest in the September series increased 3.02% while it also increased 4.59% in the next series

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	72.61	72.89	73.19	73.47	73.77
US\$INR (Oct)	72.85	73.11	73.42	73.69	73.99
EURINR (Sep)	87.00	87.35	87.74	88.09	88.48
EURINR (Oct)	87.32	87.66	88.04	88.38	88.76
GBPINR (Sep)	97.51	98.03	98.31	98.82	99.11
GBPINR (Oct)	97.83	98.33	98.60	99.09	99.37
JPY INR (Sep)	68.72	68.93	69.25	69.46	69.79
JPY INR (Oct)	68.87	69.12	69.54	69.79	70.21

US\$INR Strategy

US\$INR Sep futures (NSE)

Sell US\$INR in the range of 73.18-73.20 Market Lot: US\$1000
 Target: 72.80 Stop Loss: 73.50

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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