

September 21, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	Sep	Sell	73.56	73.25	73.70	1 day

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INR Futures

Currency Pair	Close	Pvs. Close	% Change
US\$INR (Sep)	73.48	73.71	-0.32
EURINR (Sep)	87.02	86.97	0.06
GBPINR (Sep)	95.43	95.31	0.13
JPY INR (Sep)	70.39	70.41	-0.02

- US\$INR futures fell on Friday as the dollar index remained under pressure against basket of major currencies. However, a sharp correction in domestic equities provided support to the pair.
- The U.S. dollar index remained weak on Friday as investors sought safety amid concerns about a resurgence in coronavirus cases in Europe and a lack of progress in U.S. fiscal stimulus negotiations.

Global Bonds

Bonds	Close	Change	% Change
India 10 Year	6.01	-0.02	0.00
India 2 Year	4.44	0.00	0.00
US 10 Year	0.70	0.02	2.20
US 2 Year	0.14	0.00	1.51
Germany 10 Year	-0.49	0.00	-0.83

- Despite starting the day on a positive note, Call writers of OTM strikes dominated the day and dragged the Nifty lower. The Nifty tested its Put base of 11500 due to selling in heavyweights. On the weekly option front, 11500 ATM strike of Call and Put has significant OI, by looking at combine premium of 11500 strike suggesting it may largely consolidate between 11300 and 11600 levels.
- For a major part of the day, the Bank Nifty remained under pressure due to selling in private banks along with PSU and midcap banks.

FII & FPI Activities

Segment	Purchase	Sell	Net ₹ Crores
Equity	4518	4649	-131
Debt	259	527	-268
Net			-399

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 399 crore on September 17, 2020. They sold worth ₹ 131 crore in the equity market and also sold worth ₹ 268 crore in the debt market. In the month of September, FIIs have bought equities worth ₹ 4124 crore so far, while in Debt market they have bought worth ₹ 2286 crore so far.

US\$INR futures on NSE

Contracts	LTP	(%) change	OI	Vol	(%) change	
					OI	Vol
Sep	73.48	-0.32	1400949	2720107	3.71	51.04
Oct	73.71	-0.31	609339	358823	9.02	56.52
Sep-Oct	-0.23	-	-	2361284	-	-

- Heightening U.S.-China tensions due to a Trump administration plan to ban WeChat and video-sharing app TikTok from U.S. app stores may put further pressure on the dollar.
- The dollar-rupee Sep contract on the NSE was at ₹ 73.48 in the last session. The open interest in the Sep series increased by 3.71%, while it also increased by 9.02% in the next series.

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	73.01	73.24	73.45	73.68	73.88
US\$INR (Oct)	73.26	73.48	73.67	73.89	74.07
EURINR (Sep)	86.69	86.86	87.04	87.20	87.38
EURINR (Oct)	87.01	87.16	87.32	87.47	87.63
GBPINR (Sep)	94.74	95.08	95.30	95.65	95.87
GBPINR (Oct)	95.04	95.36	95.57	95.90	96.11
JPY INR (Sep)	69.64	70.02	70.30	70.68	70.96
JPY INR (Oct)	69.94	70.26	70.47	70.79	71.00

US\$INR Strategy

US\$INR Sep futures (NSE)

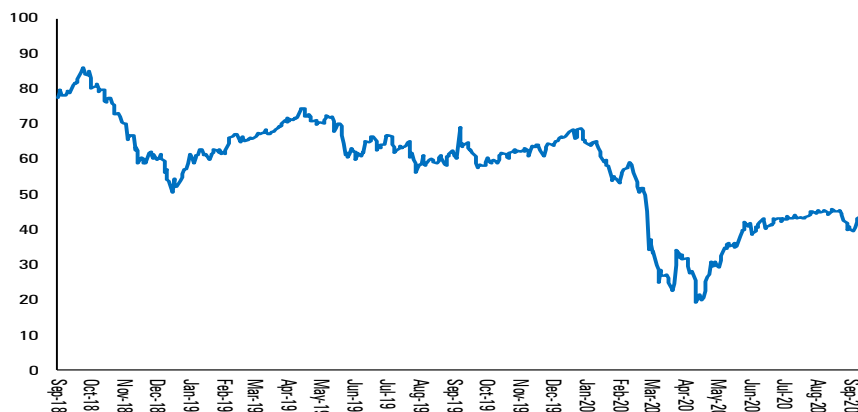
Sell US\$INR in the range of 73.55-73.57 Market Lot: US\$1000
 Targets: 73.40, 73.25 Stop Loss: 73.70

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.

Rupee expected to appreciate further towards 72.70 level

- US\$INR futures remained in the flat to negative territory in the week as dollar weakening kept selling pressure on the pair along with positive domestic equities contributed to appreciation in the rupee.
- The dollar index extended overnight losses on Friday after data on Thursday pointed to a slowdown in the U.S. economic recovery, while riskier currencies gained.
- Crude prices have recovered in the week as OPEC+ nations have complied to the production cuts along with Hurricane Sally in the US Gulf of Mexico disrupted some crude productions.
- We expect rupee appreciation trend to continue in the term as weaker dollar index along with positive domestic equities will keep selling pressure on the pair.

Brent crude...

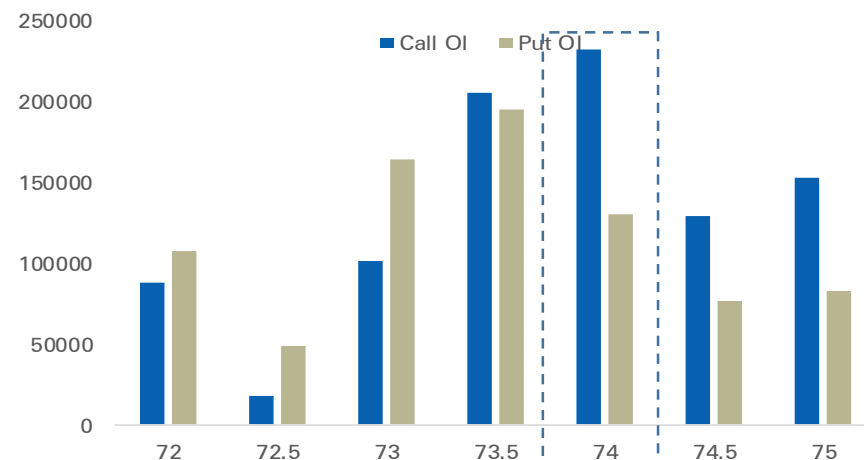


Source: Bloomberg, Reuters, ICICI Direct Research

Weekly Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	72.66	73.08	73.64	74.06	74.61
US\$INR (Oct)	73.11	73.43	73.76	74.07	74.40
EURINR (Sep)	86.09	86.62	87.18	87.71	88.27
EURINR (Oct)	86.34	86.90	87.46	88.02	88.58
GBPINR (Sep)	93.43	94.42	95.05	96.05	96.68
GBPINR (Oct)	93.69	94.69	95.35	96.35	97.01
JPYINR (Sep)	68.67	69.50	70.05	70.88	71.42
JPYINR (Oct)	68.99	69.76	70.20	70.97	71.41

US\$INR options build-up



Forthcoming Events...

Date & Time (IST)	Country	Data & Events
September 21, 2020		
19:30	US	Fed Chair Powell Speaks
September 22, 2020		
13:00	UK	BoE Gov Bailey Speaks
19:30	US	Existing Home Sales (Aug)
20:00	US	Fed Chair Powell Testifies
September 23, 2020		
14:00	UK	Composite PMI
14:00	UK	Manufacturing PMI
14:00	UK	Services PMI
17:20	Japan	BoJ Monetary Policy Statement
20:00	US	Crude Oil Inventories
September 24, 2020		
18:00	US	Initial Jobless Claims
19:30	UK	BoE Gov Bailey Speaks
19:30	US	New Home Sales (Aug)
September 25, 2020		
18:00	US	Core Durable Goods Orders (MoM) (Aug)

Source: Bloomberg, Reuters, ICICI Direct Research



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