

October 22, 2020

# Daily Currency outlook

## Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	October futures	Buy	73.53	73.83	73.42	1 day

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## INR Futures

Currency	Close	Pvs. Close	% Change
US\$-INR	73.58	73.37	0.21
EUR-INR	87.34	86.36	0.98
GBP-INR	96.16	95.19	0.97
JPY-INR (Future)	70.31	69.66	0.66

- US\$INR futures rose sharply on Wednesday as volatility was experienced in domestic equities. Despite weakening dollar, the recent upsides in the pair remains a concern
- The dollar index dipped further and moved below 94 on Wednesday but moves were muted as investors awaited the outcome of fiscal stimulus talks ahead of the upcoming US presidential election and as Coronavirus cases spiked in Europe

## Global Bonds

Indices	Close	Pvs. Close	% Change
India 10 Year	5.91	5.95	-0.59
India 2 Year	4.20	4.25	-1.04
US 10 Year	0.80	0.77	4.82
US 2 Year	0.15	0.15	-1.34
Germany 10 Year	-0.60	-0.63	-3.98

- For a major part of the day, the index consolidated with 11900 acting as a midpoint amid high volatility. Buying in cement and banking led the index to end positive with a gain of 0.35%. On the options front, additions were seen in 12000 Call and 11800 Put strike. We feel a consolidation move will take place before crossing the 12000 hurdle
- On Wednesday, the Bank Nifty consolidated throughout the day with stock specific action. However, outperformance was seen in HDFC bank and Kotak Mahindra Bank, helping Bank Nifty futures to trade above 24500.

## FII & FPI Activities

Segment	Purchase	Sell	Net Rs. crores
Equity	6349	4358	1991
Debt	1025	1046	-21
Net			1970

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 1970 crore on October 19, 2020. They bought worth ₹ 1991 crore in the equity market and sold worth ₹ 21 crore in the debt market

## US\$INR futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
Oct	73.77	0.54	1794285	1980211	-5.02	0.74
Nov	73.97	0.54	568683	414219	47.84	0.87
Oct-Nov	0.20	-	-	1565992	-	0.13

- While markets are confident a win by Biden would lead to more fiscal stimulus, potentially weakening the dollar, investors are also wary of a potentially contested election result that may boost the safe-haven appeal of the greenback
- The dollar-rupee October contract on the NSE was at 73.77 in the last session. The open interest in the October series declined 5% while it increased 47.8% in the next series

## Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	73.25	73.51	73.65	73.91	74.06
US\$INR (Nov)	73.46	73.71	73.85	74.11	74.25
EURINR (Oct)	86.29	86.86	87.18	87.74	88.06
EURINR (Nov)	86.76	87.19	87.45	87.88	88.14
GBPINR (Oct)	94.84	95.55	95.95	96.67	97.07
GBPINR (Nov)	94.92	95.69	96.12	96.89	97.32
JPYINR (Aug)	69.44	69.90	70.13	70.59	70.82
JPYINR (Nov)	69.58	70.04	70.29	70.76	71.01

## US\$INR Strategy

### US\$INR Oct futures contract (NSE)

Buy US\$ in the range of 73.52-73.56	Market Lot: US\$1000
Target: 73.83/ 73.95	Stop Loss: 73.42
Support: 73.42/73.35	Resistance: 73.83/73.95

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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