

January 28, 2021

Daily Currency outlook

Recommendation in the report

| Currency Pair | Contract | Action | Price | Target | Stoploss | Duration |
|---------------|------------------|--------|-------|--------|----------|----------|
| US\$INR | February futures | Sell | 73.25 | 73.05 | 73.37 | 1 day |

Research Analysts

Raj Deepak Singh
rajdeepak.singh@icicisecurities.com

Nandish Patel
nandish.patel@icicisecurities.com

INR Futures

| Currency | Close | Pvs. Close | % Change |
|------------------|-------|------------|----------|
| US\$-INR | 72.92 | 72.98 | -0.06 |
| EUR-INR | 88.35 | 88.43 | -0.08 |
| GBP-INR | 99.93 | 99.66 | 0.27 |
| JPY-INR (Future) | 70.59 | 70.65 | -0.06 |

Global Bonds

| Indices | Close | Pvs. Close | % Change |
|-----------------|-------|------------|----------|
| India 10 Year | 5.95 | 5.95 | 0.15 |
| India 2 Year | 4.21 | 4.21 | 0.02 |
| US 10 Year | 1.03 | 1.04 | -1.35 |
| US 2 Year | 0.12 | 0.12 | -1.63 |
| Germany 10 Year | -0.55 | -0.53 | 3.01 |

FII & FPI Activities

| Segment | Purchase | Sell | Net Rs. crores |
|---------|----------|------|----------------|
| Equity | 9465 | 9168 | 297 |
| Debt | 828 | 425 | 403 |
| Net | | | 700 |

- The rupee depreciated marginally as weakness in domestic equities put pressure on the currency. For the new series, the option concentration suggest a range of 73-73.50 ahead of Union Budget

- The DXY dollar index recovered most of the declines seen yesterday and closed near highs near 90.7. The Federal Reserve maintained its super-accommodative monetary policy on Wednesday, but a brighter medium-term outlook suggests that a change may be on the horizon

- The Nifty tumbled nearly 2% on Wednesday on the back of broad based selling and turned negative for the January 2021. On the option front, aggressive additions were seen in 14000 and 14100 Call strike that should be immediate hurdle on upsides. On the other hand, 13800 Put strike holds significant OI that should act as support on downsides

- The Bank Nifty continued its downtrend for a fourth consecutive day. Selling intensified in PSU as well as private banks with HDFC Bank and IndusInd Bank the biggest losers

- Foreign institutional investors (FII) remained positive as they bought to the tune of ₹ 700 crore on January 25, 2020. They bought worth ₹ 297 crore in the equity market and bought worth ₹ 403 crore in the debt market

US\$INR futures on NSE

| Contracts | LTP | chnng (%) | OI | Vol | (% change) | |
|-----------|-------|-----------|---------|---------|------------|------|
| | | | | | OI | Vol |
| Feb | 73.23 | 0.03 | 3170125 | 3907714 | 68.92 | 0.92 |
| Mar | 73.51 | 0.02 | 231047 | 193994 | 11.94 | 2.19 |
| Feb-Mar | 0.28 | - | - | 3713720 | - | 1.27 |

- US\$INR pair reverted in the last session but closed almost flat amid strength in dollar index. For the February series, the Call base is placed at 73.50, which should be immediate hurdle for the pair
- The dollar-rupee February contract on the NSE was at ₹ 73.23 in the last session. The open interest increased by 69% as the new series started

Pivot levels

| Futures | S2 | S1 | Pivot | R1 | R2 |
|---------------|--------|--------|--------|--------|--------|
| US\$INR (Feb) | 72.68 | 72.75 | 72.87 | 72.94 | 73.07 |
| US\$INR (Mar) | 72.84 | 73.04 | 73.20 | 73.40 | 73.56 |
| EURINR (Feb) | 88.46 | 88.52 | 88.62 | 88.68 | 88.78 |
| EURINR (Mar) | 88.42 | 88.57 | 88.81 | 88.95 | 89.20 |
| GBPINR (Feb) | 99.94 | 100.03 | 100.14 | 100.22 | 100.33 |
| GBPINR (Mar) | 100.21 | 100.35 | 100.45 | 100.58 | 100.68 |
| JPYINR (Feb) | 70.13 | 70.19 | 70.28 | 70.35 | 70.44 |
| JPYINR (Mar) | 70.36 | 70.45 | 70.52 | 70.61 | 70.68 |

US\$INR Strategy

US\$INR Feb futures contract (NSE)

Sell US\$INR in the range of 73.23-73.27

Market Lot: US\$1000

Target: 73.05/ 72.90

Stop Loss: 73.37

Support: 73.05/72.90

Resistance: 73.37/73.45

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.



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Raj Deepak Singh BE, MBA (Finance), Nandish Patel BCOM, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities Limited. The author may be holding a position in currency derivatives as on date of release of this report. ICICI Securities Limited may be holding a proprietary position in currency derivatives as on the date of release of this report." This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. ICICI Securities Ltd and affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Actual results may differ materially from those set forth in projections. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities Ltd and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.