

September 23, 2021

## Daily Currency outlook

### Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Sep futures	Buy	73.85	74.15	73.70	1 day

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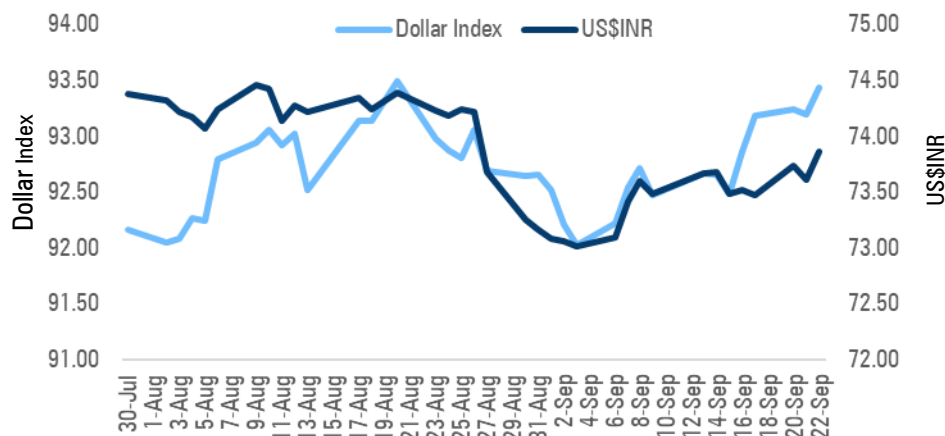
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (Sep)	73.93	0.29%	1406534	-107102	1912703	554802
EURINR (Sep)	86.75	0.23%	92105	-8147	114903	10993
GBPINR (Sep)	100.85	0.00%	167540	1381	146066	-9770

## Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	73.59	73.76	73.87	74.03	74.14
US\$INR (Oct)	73.80	73.96	74.07	74.23	74.34
EURINR (Sep)	86.27	86.51	86.65	86.89	87.03
EURINR (Oct)	86.56	86.79	86.93	87.16	87.30
GBPINR (Sep)	100.48	100.67	100.82	101.00	101.15
GBPINR (Oct)	100.80	100.98	101.12	101.29	101.43

## Dollar Index vs US\$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- US dollar increased by 0.26% yesterday after the US Fed signalled that it will begin reducing its monthly bond purchases as soon as November and interest rates increases may follow more quickly than anticipated
- Rupee future maturing on September 28 depreciated by 0.29% in yesterday's trading session on strong dollar and muted stock indices
- The rupee is expected to depreciate on a strong dollar after US Federal Reserve signalled that the bank will start tapering its \$120 billion monthly bond purchases as soon as November and could raise interest rates sooner than expected. Out of 18 Fed officials nine are ready to raise interest rates next year. Fed expects its inflation to remain elevated above its 2% target for four consecutive years. Also, surge in crude oil prices may hurt rupee. However, sharp fall may be prevented on persistent FII inflows

## US\$INR Strategy

### USDINR September futures contract (NSE)

Buy USDINR in the range of 73.85-73.87

Target: 74.15

Stop Loss: 73.70

Support: 73.70/73.60

Resistance: 74.05/74.15

## Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Sep futures	Buy	73.70	74.00	73.55	Not Initiated

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 may have different view.

## Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	93.44	93.20	0.26%
US\$INR	73.87	73.61	0.35%
EURUSD	1.1688	1.1727	-0.33%
EURINR	86.64	86.40	0.27%
GBPUSD	1.3618	1.3659	-0.30%
GBPINR	100.72	100.78	-0.06%

## Global Bonds

Country	Close	Pvs. Close	Change
India	6.138	6.122	0.016
US	1.311	1.325	-0.014
UK	0.707	0.715	-0.008
Japan	0.036	0.040	-0.004
Germany	-0.322	-0.313	-0.009

## Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	8101.18	6767.74	1333.44
Debt	1133.41	795.22	338.19
Net			1671.63

- US existing home sales declined 2% to 5.88 million units in August 2021 from 6.00 million units in July 2021
- US Federal Reserve held its current target interest rate steady in range of 0% to 0.25%
- Euro depreciated by 0.33% yesterday mainly on the back of strong dollar. However, sharp downside was cushioned on rise in domestic indices. Market sentiments improved after China Evergrande agreed to settle interest payments on domestic bond
- Euro is expected to trade with negative bias on strong dollar and divergence in monetary policy. Further, euro may slip on expectation of disappointing economic data from Euro Area. Euro Area Manufacturing and Services PMI data is likely to show that activity in both sector slowed down. EURINR (September) is expected to trade in a range of 86.50-87.0
- The pound depreciated by 0.30% yesterday amid strong dollar. Further, weak economic data from the country pushed back expectation of sooner that anticipated rate hike by Bank of England
- The pound is expected to trade with negative bias on strong dollar. Further, investors will remain cautious ahead of outcome of Bank of England monetary policy meeting. Additionally, expectation of disappointing economic data from country will hurt pound. Manufacturing and Services PMI data is likely to show that activity in both sector slowed down. GBPINR (September) is expected to trade in a range between 100.60-101.20

Data	Country	Time	Actual	Expected	Previous	Impact
French Flash Manufacturing PMI	Europe	12:45pm	-	57.1	57.5	Medium
German Flash Manufacturing PMI	Europe	1:00pm	-	61.3	62.6	High
Flash Manufacturing PMI	Europe	1:30pm	-	60.4	61.4	Medium
Flash Manufacturing PMI	UK	2:00pm	-	59	60.3	Medium
Flash Services PMI	UK	2:00pm	-	55	55	Medium
Official Bank Rate	UK	4:30pm	-	0.10%	0.10%	High
Unemployment Claims	US	6:00pm	-	322K	332K	Medium
Flash Manufacturing PMI	US	7:15pm	-	60.7	61.1	Medium
Flash Services PMI	US	7:15pm	-	55.1	55.1	Medium



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## ANALYST CERTIFICATION

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