

October 14, 2021

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Oct futures	Sell	75.50	75.20	75.65	1 day

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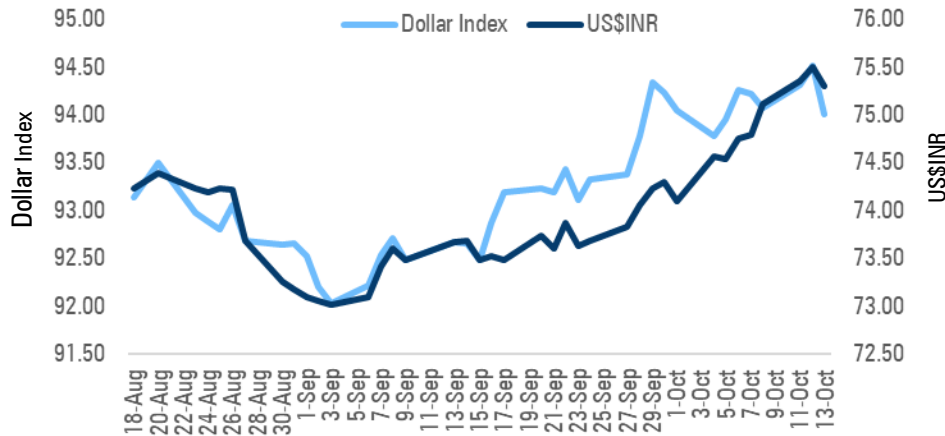
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (Oct)	75.48	-0.16%	1927853	-114234	3052544	-266562
EURINR (Oct)	87.27	-0.10%	75717	-4754	170961	-20470
GBPINR (Oct)	102.81	-0.09%	163083	-4395	195709	-46339

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	75.12	75.30	75.45	75.63	75.79
US\$INR (Nov)	75.36	75.54	75.69	75.87	76.02
EURINR (Oct)	86.90	87.09	87.21	87.40	87.52
EURINR (Nov)	87.22	87.40	87.51	87.69	87.81
GBPINR (Oct)	102.39	102.60	102.75	102.96	103.11
GBPINR (Nov)	102.72	102.92	103.05	103.25	103.39

Dollar Index vs US\$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- US dollar decline yesterday on a rise in risk appetite in the global markets and fall in longer dated US treasury yields. However, further downside was cushioned as yield on short term treasury climbed after inflation data showed prices rose firmly and FOMC meeting minutes confirm tapering will begin soon
- Rupee future maturing on October 27 appreciated by 0.16% in yesterday's trading session on weakness in dollar and FI inflows. Further, rupee gained strength on improved macroeconomic data
- The rupee is expected to appreciate on a weak dollar and rise in risk appetite in domestic markets. Further, improved macroeconomic will continue to support rupee. However, sharp upside may be capped as US FOMC meeting minutes showed most policymakers are of the view that provided economic recovery remain broadly on track a gradual tapering process that concludes around middle of 2022 would likely be appropriate

US\$INR Strategy

USDINR October futures contract (NSE)

Sell USDINR in the range of 75.50-75.52

Target: 75.20

Stop Loss: 75.65

Support: 75.30/75.20

Resistance: 75.65/75.75

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Oct futures	Sell	75.60	75.30	75.75	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	94.01	94.52	-0.54%
US\$INR	75.37	75.50	-0.18%
EURUSD	1.1596	1.1531	0.56%
EURINR	87.15	87.29	-0.16%
GBPUSD	1.3669	1.3578	0.67%
GBPINR	102.76	102.74	0.01%

Global Bonds

Country	Close	Pvs. Close	Change
India	6.314	6.326	-0.012
US	1.539	1.575	-0.036
UK	1.093	1.154	-0.061
Japan	0.090	0.096	-0.006
Germany	-0.122	-0.082	-0.04

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	7999.39	7744.56	254.83
Debt	211.81	306.49	-94.68
Net			160.15

- US CPI YoY data showed inflation accelerated by 5.4% in September 2021 compared to 5.3% in August 2021
- Euro Area Industrial production declined 1.6% in August 2021 compared to 1.4% rise in July 2021
- Euro appreciated yesterday mainly on the back of a weakness in the dollar and rise in stock markets. However, sharp gains were capped on disappointing economic data from Euro Area and dovish statement from ECB policymakers. ECB governing council member Francois Villeroy that concluding PEPP will not be end of “very accommodative policy.”
- Euro is expected to trade with a positive bias on weakness in dollar and rise in risk appetite in the global markets. However, sharp gains may be capped on divergence in monetary policy and disappointing economic data from euro area. Additionally, ECB reluctance to begin tapering its monetary stimulus may weigh on euro. Also, Investors will remain vigilant ahead of major economic data from the US. EURINR (October) expected to trade in a range at 87.0-87.65
- The pound appreciated yesterday amid weakness in dollar and improved economic data from Britain. UK GDP data showed the economy expanded by 0.4% in August compared to 0.1% contraction in July. Further, industrial and manufacturing production both expanded at a more robust pace than expected
- The pound is expected to trade with a positive bias on a weak dollar, rise in risk appetite in the global markets and improved economic data. Additionally, the pound may gain strength on expectation that Bank of England could raise interest rates to curb inflation. GBPINR (October) is expected to trade in a range of 102.70-103.20

Data	Country	Time	Actual	Expected	Previous	Impact
PPI m/m	US	6:00PM	-	0.6%	0.7%	High
Core PPI m/m	US	6:00PM	-	0.50%	0.60%	High
Unemployment Claims	US	6:00PM	-	315K	326K	Medium
Crude Oil Inventories	US	8:30PM	-	1.1M	2.3M	Medium



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ANALYST CERTIFICATION

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