October 20, 2021

Daily Currency Outlook

Daily Recommendation

Curreny Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Oct futures	Sell	75.38	75.10	75.53	1 day

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Rupee Outlook and Strategy

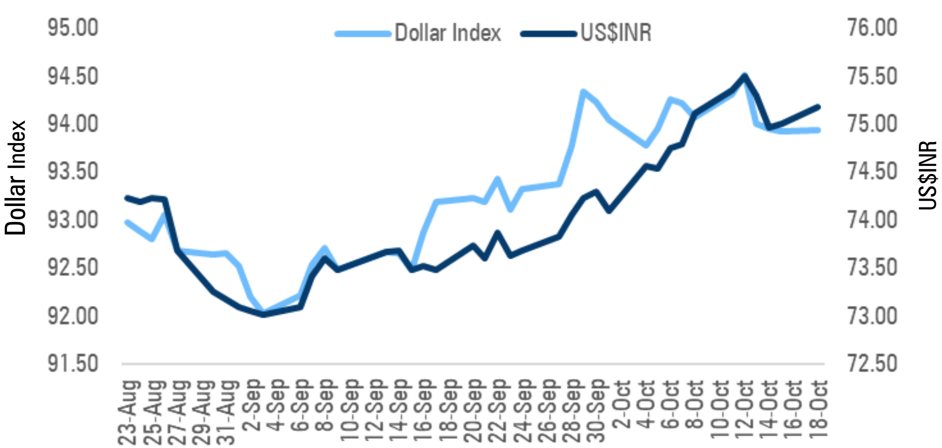
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (Oct)	75.42	0.11%	1940287	95845	2033812	-120656
EURINR (Oct)	87.43	-0.09%	72240	-4199	113849	-45927
GBPINR (Oct)	103.50	0.18%	186164	384	198580	-23157

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US$INR (Oct)	75.03	75.23	75.34	75.53	75.64
US$INR (Nov)	75.28	75.47	75.58	75.78	75.89
EURINR (Oct)	86.89	87.16	87.31	87.57	87.72
EURINR (Nov)	87.31	87.52	87.63	87.84	87.96
GBPINR (Oct)	103.00	103.25	103.40	103.65	103.79
GBPINR (Nov)	103.33	103.56	103.69	103.92	104.06

Dollar Index vs US$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- US dollar fell by 0.23% yesterday amid disappointing economic data from the US. Housing starts and building permits fell expectedly in September due to acute shortages of raw materials and labour. However, a surge in US treasury yields prevented further downside in the dollar
- Rupee future maturing on October 27 depreciated by 0.11% in Monday's trading session on a strong dollar and rise in crude oil prices. Further, market sentiments were hurt as weaker than expected Chinese GDP data raised concern over a slowdown
- The rupee is expected to appreciate on weakness dollar and rise in risk appetite in global markets. Further, FII inflows will be supportive for rupee. However, sharp gains may be prevented on surge in crude oil prices. Further, investors bet that major central banks across globe may need to start tapering stimulus to address stubbornly high inflation

US$INR Strategy

USDINR October futures contract (NSE)	
Sell USDINR in the range of 75.38-75.40	
Target: 75.10	Stop Loss: 75.53
Support: 75.15/75.10	Resistance: 75.50/75.55

Follow-up

Curreny Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Oct futures	Sell	75.35	75.05	75.50	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.

Euro and Pound Outlook

ICICI direct Research

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	93.72	93.94	-0.23%
US$INR	75.34	75.25	0.12%
EURUSD	1.1631	1.1609	0.19%
EURINR	87.23	87.36	-0.14%
GBPUSD	1.3793	1.3725	0.50%
GBPINR	103.41	103.26	0.14%

Global Bonds

Country	Close	Pvs. Close	Change
India	6.387	6.328	0.059
US	1.638	1.596	0.042
UK	1.168	1.139	0.029
Japan	0.090	0.096	-0.006
Germany	-0.102	-0.145	0.043

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	10654.50	9175.84	1478.66
Debt	711.85	1079.20	-367.35
Net			1111.31

Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- US building permits fell by 7.7% to 1.59 million units in September from 1.72 million units in the preceding month
- US housing starts declined 1.6% to 1.56 million units in September from 1.58 million units in August
- Euro appreciated by 0.19% yesterday mainly on the back of weakness in the dollar and rebound in risk appetite in global markets. However, sharp gains were capped as ECB reluctance to begin tapering its monetary stimulus weighed on the euro
- Euro is expected to trade with a positive bias on weakness in dollar and surge in stock markets. Further, expectation of improved economic data from Euro Area may support the single currency. However, sharp upside may be capped on divergence in monetary policy. ECB is still committed to continue its loose monetary policy. EURINR (October) is expected to trade in a range of 87.00-87.60
- The pound appreciated by 0.50% yesterday amid weakness in the dollar and on expectations that the BoE will raise rates sooner than expected. Hawkish statements from BoE officials continued to support the pound. BoE Governor Bailey said a rise in energy prices mean that this year's spike in inflation is likely to last for longer than expected and the bank will have to act to keep inflation expectations under control
- The pound is expected to trade with a positive bias on weakness in dollar, rise in risk appetite in the global markets and expectation that Bank of England could raise interest rates to curb inflation. Further, investors will take cues from inflation data. GBPINR (October) is expected to trade in a range of 103.50-104.0

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
CPI y/y	UK	11:30AM	-	3.2%	3.2%	High
Final CPI y/y	Europe	2:30PM	-	3.40%	3.40%	Medium
Crude Oil Inventories	US	8:00PM	-	2.1M	6.1M	Medium

Source: Bloomberg, Reuters, ICICI Direct Research

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