

October 22, 2021

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Oct futures	Buy	74.85	75.15	74.70	1 day

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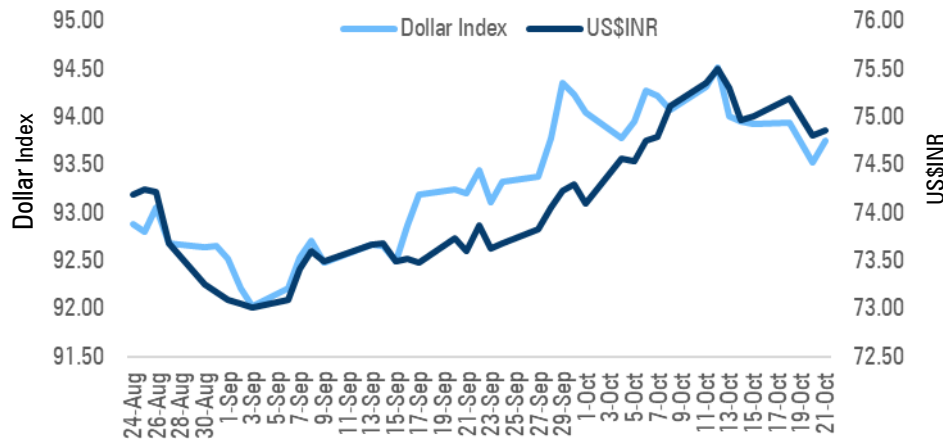
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (Oct)	74.88	-0.10%	1682250	-67376	2455641	-295236
EURINR (Oct)	87.19	-0.01%	63782	-2525	122312	-53196
GBPINR (Oct)	103.36	0.26%	143750	-11009	202484	-33534

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	74.62	74.75	74.86	74.99	75.10
US\$INR (Nov)	74.88	75.01	75.11	75.24	75.35
EURINR (Oct)	86.93	87.06	87.23	87.35	87.52
EURINR (Nov)	87.25	87.38	87.54	87.66	87.82
GBPINR (Oct)	102.95	103.16	103.36	103.56	103.77
GBPINR (Nov)	103.26	103.47	103.66	103.87	104.06

Dollar Index vs US\$INR



- US dollar rose by 0.24% yesterday amid upbeat economic data from US and surge in US treasury yields. US unemployment claims fell to a 19 month low last week and US homes sales jumped to an eight-month high in September
- Rupee future maturing on October 27 appreciated by 0.10% in yesterday's trading session on weakness in dollar. However, sharp gains were prevented on risk aversion in domestic markets, FII outflows and steady crude oil prices
- The rupee is expected to depreciate on strong dollar and mixed Asian markets. Furthermore, market participants will remain vigilant ahead of manufacturing data from major countries across the globe. Additionally, investors will be cautious ahead of BIS-SARB centenary conference panel discussion where US Fed Chair Powell will speak. However, sharp fall may be prevented on FII inflows and softening of crude oil prices

US\$INR Strategy

USDINR October futures contract (NSE)

Buy USDINR in the range of 74.83-74.85

Target: 75.15

Stop Loss: 74.70

Support: 74.75/74.70

Resistance: 75.10/75.15

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Oct futures	Sell	75.00	74.70	75.15	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	93.75	93.53	0.24%
US\$INR	74.86	74.87	-0.01%
EURUSD	1.1624	1.1652	-0.24%
EURINR	87.14	87.02	0.14%
GBPUSD	1.3792	1.3822	-0.22%
GBPINR	103.28	103.02	0.25%

Global Bonds

Country	Close	Pvs. Close	Change
India	6.338	6.373	-0.035
US	1.702	1.660	0.042
UK	1.205	1.149	0.056
Japan	0.089	0.095	-0.006
Germany	-0.100	-0.124	0.024

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	15655.10	17324.17	-1669.07
Debt	1135.82	1190.71	-54.89
Net			-1723.96

- Euro depreciated by 0.24% yesterday majorly on the back of strong dollar and risk aversion in the domestic markets. Further, disappointing economic data from Euro Area added downside pressure. Consumer confidence index fell to -5 in October 2021 from -4 in September 2021. Additionally, dovish statement's from ECB policymakers continued to hurt euro
- ECB Governing council member Francois Villeroy de Galhau reiterated that ECB could afford to stay patient as inflation spike is expected to remain temporary
- Euro is expected to trade with negative bias on strong dollar and dovish statements from ECB policymakers. Additionally, euro may slip on expectation of disappointing economic data from Euro Area and divergence in monetary policy. Euro Area manufacturing and services PMI data are likely to show that activity in both sectors slowed down. EURINR (October) expected to trade in a range between 86.70-87.30
- Pound depreciated by 0.22% yesterday amid strong dollar and decline in stock markets. Additionally, worries over resurgent of Covid-19 infections added downside pressure. However, sharp downside was cushioned on expectation of rate hike by Bank of England
- Pound is expected to trade with negative bias on strong dollar, mixed global markets and worries over rising covid-19 cases in UK. Additionally, expectation of disappointing economic data from Britain will hurt pound. Manufacturing and Services PMI data are likely to show that activity in both sectors slowed down. However, sharp downside may be cushioned on anticipation that Bank of England will raise interest rates sooner to address stubbornly high inflation. GBPINR (October) expected to trade in a range between 103.00-103.60

Data	Country	Time	Actual	Expected	Previous	Impact
Flash Manufacturing PMI	Japan	6:00AM	53	51.6	51.5	Medium
Retail Sales m/m	UK	11:30AM	-	0.60%	-0.90%	Medium
Flash Manufacturing PMI	France	12:45PM	-	53.9	55	Medium
Flash Manufacturing PMI	Germany	1:00PM	-	56.5	58.4	High
Flash Manufacturing PMI	Europe	1:30PM	-	57	58.6	Medium
Flash Manufacturing PMI	UK	2:00PM	-	56.1	57.1	Medium
Flash Manufacturing PMI	US	7:15PM	-	60.5	60.7	Medium
Fed Chair Powell Speaks	US	8:30PM	-	-	-	High



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ANALYST CERTIFICATION

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