

October 25, 2021

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Oct futures	Buy	74.95	75.25	74.80	1 day

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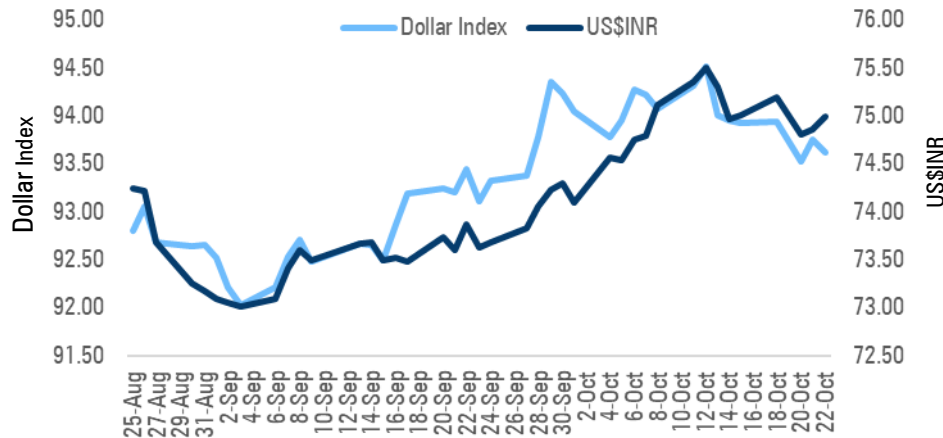
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (Oct)	74.90	0.02%	1588597	-93653	2256976	-198665
EURINR (Oct)	87.19	0.00%	56212	-7570	117537	-4775
GBPINR (Oct)	103.27	-0.09%	132761	-10989	226581	24097

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	74.62	74.76	74.86	75.00	75.10
US\$INR (Nov)	74.88	75.02	75.12	75.26	75.36
EURINR (Oct)	86.84	87.01	87.13	87.31	87.43
EURINR (Nov)	87.17	87.33	87.45	87.62	87.73
GBPINR (Oct)	102.76	103.02	103.21	103.46	103.65
GBPINR (Nov)	103.11	103.36	103.54	103.79	103.97

Dollar Index vs US\$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- US dollar by 0.14% on Friday amid positive global markets and decline in US treasury yields. Dollar pared its losses after Federal Reserve Chairman Powell said central bank was in track to start tapering its stimulus soon but should not yet raise interest rates
- Rupee future maturing on October 27 depreciated by 0.02% in Friday's trading session on risk aversion in domestic markets, FII outflows and steady crude oil prices
- The rupee is expected to depreciate on strong dollar and risk aversion in the domestic markets. Furthermore, the Indian currency may slip on persistent FII outflows and surge in crude oil prices. Also, US Federal Reserve Chairman Powell signalled bond tapering. Further, RBI monetary policy meeting minutes showed that policymakers are of the view that continued monetary support is required as economic recovery remains fragile

US\$INR Strategy

USDINR October futures contract (NSE)

Buy USDINR in the range of 74.93-74.95

Target: 75.25

Stop Loss: 74.80

Support: 74.80/74.70

Resistance: 75.15/75.25

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Oct futures	Buy	74.85	75.15	74.70	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	93.62	93.75	-0.14%
US\$INR	74.90	74.86	0.05%
EURUSD	1.1647	1.1624	0.20%
EURINR	87.19	87.14	0.05%
GBPUSD	1.3751	1.3792	-0.30%
GBPINR	103.36	103.28	0.08%

Global Bonds

Country	Close	Pvs. Close	Change
India	6.364	6.338	0.026
US	1.636	1.702	-0.066
UK	1.149	1.205	-0.056
Japan	0.098	0.089	0.009
Germany	-0.100	-0.100	0

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	11532.41	13947.77	-2415.36
Debt	670.42	1010.35	-339.93
Net			-2755.29

- Euro appreciated by 0.20% on Friday mainly on the back of weakness in dollar and rise in risk appetite in domestic markets. However, sharp upside was capped on disappointing economic data. Eurozone business activity growth slowed sharply to a six-month low in October amid increasing bottlenecks and ongoing Covid-19 concerns. Eurozone Composite PMI fell to 54.3 in October 2021 from 55.2 in September 2021
- Euro is expected to trade with a negative bias on strong dollar, divergence in monetary policy and expectation of disappointing economic data from Euro Area. German info business climate index is forecasted to decline to 98.2 in October 2021 from 98.8 in September 2021. Further, dovish statements from ECB policymakers will hurt single currency. EURINR (October) is expected to trade in a range between 86.90-87.40
- The pound depreciated by 0.30% on Friday amid worries over post-Brexit trade deal and disappointing retail sales data. Pound slip on news that EU could terminate post-Brexit trade deal if UK's disagreement on northern Ireland deepens. However, sharp fall was cushioned as Manufacturing and Services PMI data showed economy unexpectedly regained momentum in October
- The pound is expected to trade with a negative bias on strong dollar, pessimistic global markets and worries over rising covid-19 cases in UK. Additionally, worries over post-Brexit trade deal will hurt pound. 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 of 102.70-103.30

Data	Country	Time	Actual	Expected	Previous	Impact
German ifo Business Climate	Europe	1:30PM	-	98.2	98.8	Medium
Belgian NBB Business Climate	Europe	6:30PM	-	2.3	4.0	Medium



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ANALYST CERTIFICATION

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