

October 29, 2021

# Daily Currency outlook

## Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Nov futures	Sell	75.10	74.80	75.25	1 day

## Research Analysts

**Raj Deepak Singh**  
rajdeepak.singh@icicisecurities.com

**Mohit Agarwal**  
mohit.agarwal@icicisecurities.com

**Saif Mukadam**  
saif.mukadam@icicisecurities.com

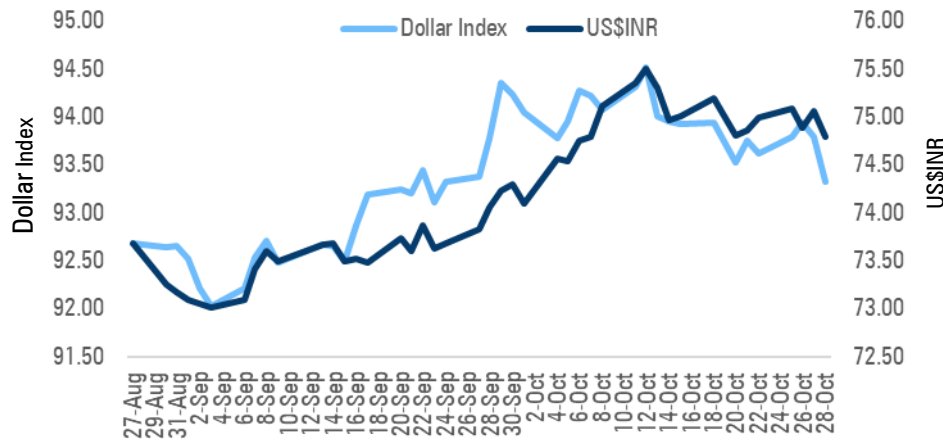
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (Nov)	75.16	-0.19%	2188509	33949	2226468	-528073
EURINR (Nov)	87.26	-0.14%	68099	-6805	129027	-24053
GBPINR (Nov)	103.34	0.07%	176920	12587	245974	-39570

## Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Nov)	74.88	75.02	75.16	75.29	75.43
US\$INR (Dec)	75.15	75.28	75.41	75.54	75.67
EURINR (Nov)	86.85	87.06	87.24	87.45	87.63
EURINR (Dec)	87.15	87.37	87.58	87.80	88.00
GBPINR (Nov)	102.99	103.16	103.28	103.46	103.57
GBPINR (Dec)	103.35	103.52	103.62	103.79	103.89

## Dollar Index vs US\$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- US dollar declined 0.51% yesterday on weaker than expected economic data from US and as US stocks rose to fresh closing records. US GDP data showed economy grew at the slowest pace in the third quarter. GDP grew at annual rate of 2% in Q3 compared to 6.7% in the preceding quarter
- Rupee future maturing on November 26 appreciated by 0.19% in yesterday's trading session as decline in crude oil prices eased worries over imported inflationary pressures. However, sharp gains were prevented on persistent FII outflows and weakness in domestic stock indices
- The rupee is expected to appreciate today on weakness in dollar and softening of crude oil prices. However, sharp gains may be prevented on consistent FII outflows and risk aversion in the domestic markets. Further, investors will remain vigilant ahead of India's fiscal deficit data and US Core PCE price index

## US\$INR Strategy

### USDINR November futures contract (NSE)

Sell USDINR in the range of 75.10-75.12

Target: 74.80

Stop Loss: 75.25

Support: 74.85/74.80

Resistance: 75.25/75.35

## Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Nov futures	Buy	75.30	75.50	75.18	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	93.32	93.80	-0.51%
USSINR	74.92	75.02	-0.13%
EURUSD	1.1682	1.1604	0.67%
EURINR	86.88	86.96	-0.09%
GBPUSD	1.3799	1.3746	0.39%
GBPINR	103.07	103.04	0.03%

## Global Bonds

Country	Close	Pvs. Close	Change
India	6.367	6.336	0.031
US	1.579	1.549	0.03
UK	1.008	0.985	0.023
Japan	0.088	0.098	-0.01
Germany	-0.133	-0.176	0.043

## Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	9220.37	11039.03	-1818.66
Debt	367.82	297.66	70.16
Net			-1748.5

- Euro appreciated by 0.67% yesterday on the back of weakness in dollar and as European central bank kept its monetary policy unchanged as expected. Further, ECB president Christine Lagarde signaled that decline in inflation would take little longer time than expected. Central bank attempts to tone down the bets on monetary tightening to address high inflation shrugged off
- Euro is expected to trade with positive bias on weakness in dollar. Further, investors will take cues from major economic data from Euro Area. Euro Area and German GDP data is forecasted to show that economy expanded in Q3 2021 for 2<sup>nd</sup> consecutive quarter. Euro Area inflation is estimated to rise by 3.7% in October 2021. Additionally, ECB kept its monetary policy untouched as expected but signaled that inflation will rise further this year and current phase of higher inflation will last longer than originally expected. EURINR(Nov) as long as it sustains above 87.30 it may rally till 87.90 level
- Pound appreciated by 0.39% yesterday amid weakness in dollar and as British finance minister Rishi Sunak in his budget announced stronger economic growth and lower public borrowing forecast. Additionally, sterling gained strength on expectation that BOE will raise rates. However, sharp upside was capped on worries over post-Brexit wrangling between EU and UK and fishing dispute with France. France has seized British trawler fishing in its territorial waters without license
- Pound is expected to trade with positive bias on weakness in dollar and expectation of improved economic data from Britain. Further, pound may gain strength on anticipation that Bank of England will raise interest rates sooner to address stubbornly high inflation. However, sharp upside may be capped on concern over rising covid-19 cases in UK and worries over post-Brexit trade deal. GBPINR (Nov) expected to trade in a range of 103.70-103.20

Data	Country	Time	Actual	Expected	Previous	Impact
German Prelim GDP q/q	Europe	1:30PM	-	2.20%	1.60%	Medium
CPI Flash Estimate y/y	Europe	2:30PM	-	3.70%	3.40%	Medium
Prelim Flash GDP q/q	Europe	2:30PM	-	2.10%	2.20%	Medium
Core PCE Price Index m/m	US	6:00PM	-	0.20%	0.30%	High
Chicago PMI	US	7:15PM	-	63.6	64.7	Medium



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Pankaj Pandey

Head – Research

[pankaj.pandey@icicisecurities.com](mailto:pankaj.pandey@icicisecurities.com)

ICICI Direct Research Desk,  
ICICI Securities Limited,  
1st Floor, Akruiti Trade Centre,  
Road No 7, MIDC,  
Andheri (East)  
Mumbai – 400 093  
[research@icicidirect.com](mailto:research@icicidirect.com)

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## ANALYST CERTIFICATION

I/We, Raj Deepak Singh BE, MBA (Finance), Mohit Agarwal BSc, MBA (Finance), Saif Mukadam BSc, MMS (Finance) authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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