

December 7, 2021

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
EURINR	Dec futures	Sell	85.20	84.90	85.35	1 day

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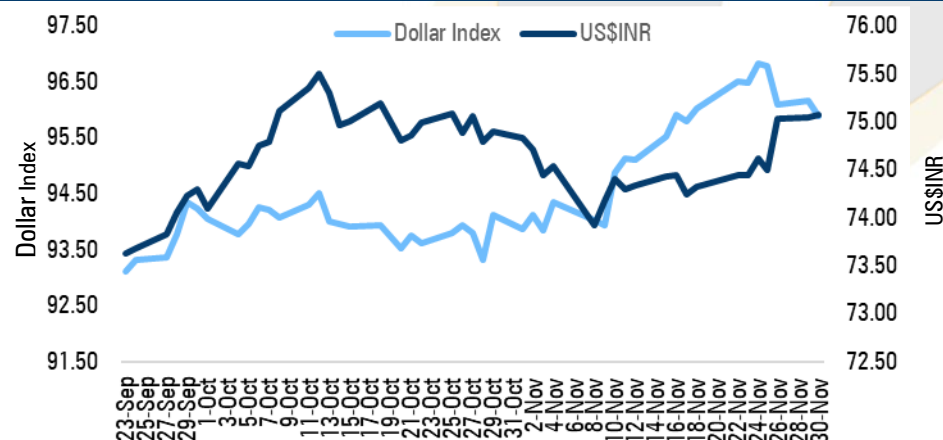
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (Dec)	75.37	0.10%	1885049	22182	3147478	771323
EURINR (Dec)	85.67	0.69%	84355	-16938	306895	118151
GBPINR (Dec)	100.64	0.03%	131603	-7105	275850	69959

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (29th Dec-21)	74.94	75.16	75.29	75.50	75.63
US\$INR (27th Jan-22)	75.18	75.39	75.52	75.74	75.87
EURINR (29th Dec-21)	84.53	85.10	85.44	86.01	86.36
EURINR (27th Jan-22)	84.89	85.44	85.77	86.32	86.65
GBPINR (29th Dec-21)	99.76	100.20	100.50	100.94	101.23
GBPINR (27th Jan-22)	100.16	100.58	100.87	101.29	101.57

Dollar Index vs US\$INR



- US dollar fell 0.46% yesterday amid a decline in US treasury yield and disappointing economic data. Yields fell as investors sought safe haven assets after drug maker Moderna warned existing vaccines are unlikely to be as effective against the new variant. However, a sharp fall was cushioned as US Fed Chair Powell said it would be appropriate for the Fed to consider accelerating the reduction of its bond buying programme
- Rupee future maturing on December 29 depreciated by 0.10% yesterday amid persistent FII outflows and risk aversion in domestic markets
- The rupee is expected to depreciate on strong dollar, persistent FII outflows and risk off mood globally. Investors fear that new series of restrictions to slow down the spread of new variant will hurt global economic recovery. However, a sharp fall may be prevented on improved GDP data from the country. US\$NR (December) is expected to trade in a range of 75.00-75.40

EURINR Strategy

EURINR December futures contract (NSE)

Sell EURINR in the range of 85.18-85.20

Target: 84.90

Stop Loss: 85.35

Support: 85.00/84.90

Resistance: 85.35/85.45

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Dec futures	Buy	75.25	75.55	75.10	Stoploss triggered

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	95.90	96.34	-0.46%
US\$INR	75.08	75.06	0.03%
EURUSD	1.1330	1.1293	0.33%
EURINR	85.07	84.76	0.37%
GBPUSD	1.3296	1.3314	-0.14%
GBPINR	99.82	99.93	-0.11%

Global Bonds

Country	Close	Pvs. Close	Change
India	6.326	6.335	-0.009
US	1.478	1.509	-0.031
UK	0.813	0.861	-0.048
Japan	0.059	0.074	-0.015
Germany	-0.349	-0.316	-0.033

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	6729.31	10372.39	-3643.08
Debt	857.33	335.09	522.24
Net			-3120.84

- The Euro appreciated by 0.33% yesterday mainly on the back of weakness in dollar and improved economic data from the Euro Area. However, sharp upside was capped on dovish statements from ECB policymakers and risk aversion in the global markets. Although eurozone inflation is now more than twice the ECB's 2% target it is unlikely to trigger monetary tightening as most policymakers are of the view that it is transitory. CPI data showed inflation accelerated to 4.9% in November, highest level in 25 years on dovish statements from ECB policymaker
- The Euro is expected to trade with a negative bias amid strong dollar, pessimistic global market sentiments and divergence in monetary policy. Further, concern over onset of new variant when EU countries are already tightening rules to try to curb the spread of Coronavirus will hurt the single currency. Euro area CPI data showed inflation remained elevated in November but markets still expect ECB to continue its easy money policy as growth in the region lags and policymakers believe the recent surge in inflation is transitory and would start easing next year
- The pound depreciated by 0.14% yesterday on risk aversion in the global markets and on fears that Bank of England may not hike rates in December meeting amid concerns over new Coronavirus variant. Further, concerns over a resurgence in Covid-19 cases in the country continued to hurt the currency
- The pound is expected to trade with a negative bias on strong dollar and pessimistic global market sentiments. Further, investors fear that rising Covid-19 cases in the country and possibility of new restrictions to combat Omicron variant will hurt economic recovery and push back early rate hike expectations. Additionally, market participants will remain vigilant ahead of Bank of England Governor Andrew Bailey's speech and US Fed Chair Powell's testimony before the House Financial Services Committee. GBPINR (December) is expected to trade in a range of 99.70-100.30

Data	Country	Time	Actual	Expected	Previous	Impact
German Retail Sales m/m	Europe	12:30pm	-	1.00%	-2.50%	Medium
ADP Non-Farm Employment Change	US	6:45pm	-	525K	571K	High
BOE Gov Bailey Speaks	US	7:30pm	-	-	-	High
Fed Chair Powell Testifies	US	8:30pm	-	-	-	High
Treasury Sec Yellen Speaks	US	8:30pm	-	-	-	High
ISM Manufacturing PMI	US	8:30pm	-	61.3	60.8	High
Crude Oil Inventories	US	9:00pm	-	(1.5M)	(1.0M)	Medium



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ANALYST CERTIFICATION

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