

January 20, 2022

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
GBPINR	Jan futures	Buy	101.50	101.75	101.35	1 day

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Rupee Outlook and Strategy

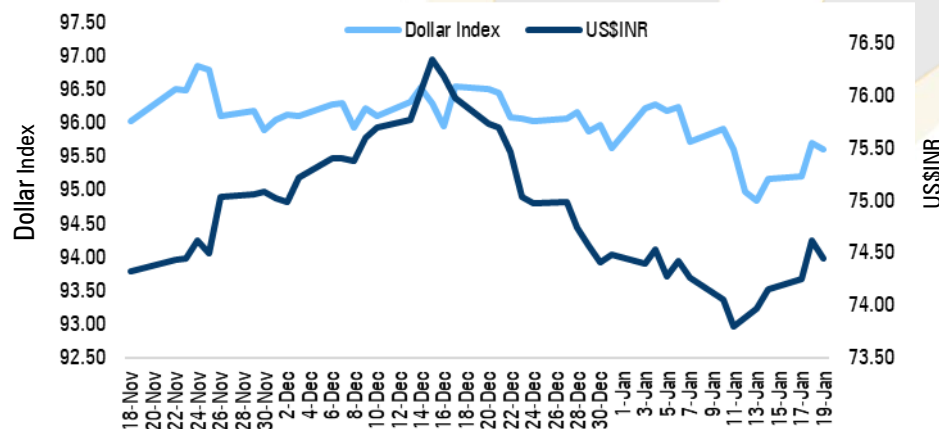
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Jan)	74.49	-0.25%	2203626	-47217	2654063	303293
EURINR (27th Jan)	84.56	-0.58%	100318	3733	176867	3490
GBPINR (27th Jan)	101.55	-0.09%	123385	-14209	210395	10966

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (27th Jan-22)	74.24	74.36	74.58	74.71	74.93
US\$INR (24th Feb-22)	74.46	74.58	74.80	74.93	75.15
EURINR (27th Jan-22)	84.23	84.40	84.67	84.84	85.11
EURINR (24th Feb-22)	84.56	84.71	84.97	85.11	85.38
GBPINR (27th Jan-22)	101.10	101.32	101.53	101.75	101.95
GBPINR (24th Feb-22)	101.42	101.63	101.81	102.02	102.20
JPYINR (27th Jan-22)	64.81	64.95	65.18	65.32	65.55
JPYINR (24th Feb-22)	65.04	65.18	65.41	65.55	65.78

Dollar Index vs US\$INR



- The US dollar declined by 0.23% yesterday amid a retreat in US treasury yields but trimmed some of its losses after US housing data showed homebuilding increased unexpectedly in December. Further, investors prepared themselves for possibility of aggressive monetary tightening
- Rupee future maturing on January 27 appreciated by 0.25% amid retreat in dollar and on reports that Finance Minister Nirmala Sitharaman is likely to consider a capital gain tax waiver for overseas debt investors in the Union Budget
- The rupee is expected to appreciate today amid a retreat in the dollar but risk aversion in global markets, elevated crude oil prices and persistent FII outflows may prevent the rupee from gaining further strength. US\$INR (January) is expected to trade in a range of 74.30-74.70

GBPINR Strategy

GBPINR January futures contract (NSE)

Buy GBPINR in the range of 101.50-101.53

Target: 101.75

Stop Loss: 101.35

Support: 101.35/101.25

Resistance: 101.75/101.85

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Jan futures	Buy	74.68	74.95	74.52	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	95.50	95.72	-0.23%
US\$INR	74.45	74.60	-0.20%
EURUSD	1.1343	1.1329	0.12%
EURINR	84.46	84.47	-0.01%
GBPUSD	1.3609	1.3600	0.07%
GBPINR	101.32	101.41	-0.09%

Global Bonds

Country	Close	Pvs. Close	Change
India	6.598	6.627	-0.029
US	1.861	1.872	-0.011
UK	1.258	1.224	0.034
Japan	0.137	0.152	-0.015
Germany	-0.009	-0.017	0.008

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	6236.09	6832.78	-596.69
Debt	692.95	318.91	374.04
Net			-222.65

- The Euro appreciated by 0.12% yesterday mainly on the back of a soft dollar and as German 10 year bond yield rose above 0% in a day for the first time since 2019. Yields surged amid rising inflation and global economic rebound from pandemic
- The Euro is expected to trade with a positive bias for the day amid a retreat in the dollar but pessimistic global markets sentiments and divergence in monetary policy are expected to prevent further gains in the single currency. The ECB has indicated that it will cut back some of its pandemic era bond purchases but unlike Fed it has not committed to raising benchmark interest rates. Additionally, the spread between US 10 year treasury yields and German 10 year bunds is widening. Furthermore, market will keep an eye on ECB monetary policy meeting minutes. EURINR (January) is expected to trade in a range of 84.40-84.90
- The pound appreciated by 0.07% yesterday mainly on the back of soft dollar and rise in risk appetite in domestic markets. Further, the British currency rose after higher than expected inflation data fuelled the expectation of rate hike next month. Additionally, BoE Governor Andrew Bailey said he was concerned inflation pressures may get prolonged than previously forecast. Political turmoil kept the pound in check
- The pound is expected to trade with a positive bias amid retreat in dollar and surge in UK bond yields. Furthermore, elevated inflation and strong labour market strengthen the case for further rise in interest rates. Meanwhile, fear over political turmoil will weigh on British currency. As per media report 11 lawmakers from the Conservative party have submitted letters of no confidence in Boris Johnson

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
Final CPI y/y	Europe	3:30pm	-	5.00%	5.00%	Medium
Philly Fed Manufacturing Index	US	7:00pm	-	18.9	15.4	Medium
Unemployment Claims	US	7:00pm	-	227K	230K	Medium
Existing Home Sales	US	8:30pm	-	6.42M	6.46M	Medium
Crude Oil Inventories	US	9:30pm	-	(2.1M)	(4.6M)	Medium



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ANALYST CERTIFICATION

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