

July 29, 2022

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	Aug Futures	Sell	79.80	79.50	79.95	1 day

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Rupee Outlook and Strategy

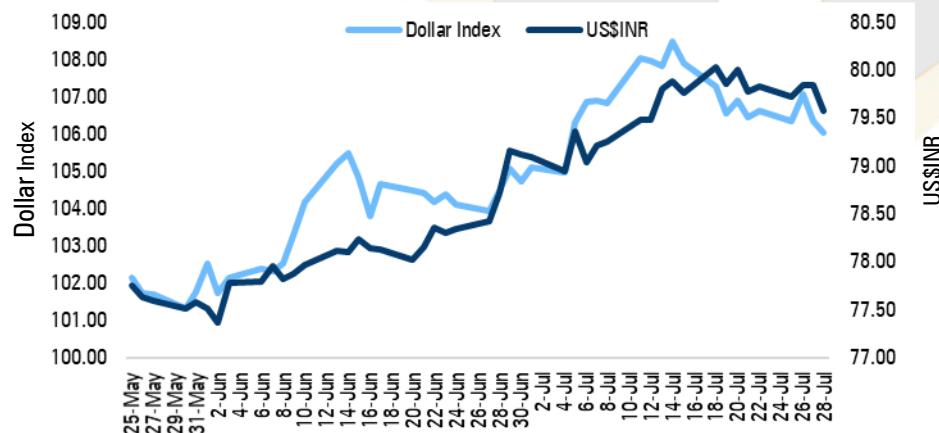
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (26th Aug)	79.90	-0.30%	3115013	-234539	3327914	217855
EURINR (26th Aug)	81.15	-0.60%	122642	24646	473712	193722
GBPINR (26th Aug)	96.83	0.08%	96307	-4660	416279	83610

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (26th Aug-22)	79.68	79.79	79.93	80.04	80.19
US\$INR (28th Sep-22)	79.92	80.03	80.16	80.27	80.40
EURINR (26th Aug-22)	80.51	80.83	81.41	81.72	82.30
EURINR (28th Sep-22)	80.92	81.24	81.82	82.14	82.72
GBPINR (26th Aug-22)	96.26	96.54	97.04	97.32	97.82
GBPINR (28th Sep-22)	96.61	96.89	97.38	97.66	98.16
JPYINR (26th Aug-22)	58.69	58.86	59.07	59.25	59.46
JPYINR (28th Sep-22)	59.13	59.23	59.41	59.51	59.69

Dollar Index vs US\$INR



• US dollar slipped yesterday amid decline in US treasury yields. Yields fell after data showed US economy contracted again in second quarter fuelling speculation that Federal Reserve will not raise rate aggressively as expected. Even US Fed raised interest rates by 75bps on Wednesday, as was widely anticipated and comments from Powell spurred hopes for slower hiking path

• Rupee future maturing on August 26th appreciated by 0.30% yesterday amid weakness in dollar, rise in risk appetite in the domestic markets and FII inflows

• Rupee is expected to appreciate today amid optimistic global market sentiments and weakness in dollar. Market sentiments improved after US Fed Chair Powell hinted that the pace of rate rises would eventually slow. However, sharp gains may be prevented as traders will remain vigilant ahead of major economic data from Euro Zone and US to gauge economic health. US\$INR (Aug) is expected to trade in a range of 79.50-79.95

US\$INR Strategy

US\$INR Aug futures contract (NSE)

Sell USDINR in the range of 79.79-79.80

Target: 79.50

Stoploss: 79.95

Support: 79.50/79.40

Resistance: 79.95/80.05

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
EURINR	Aug Futures	Buy	81.60	81.90	81.40	Stop loss 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	106.03	106.33	-0.28%
US\$INR	79.57	79.84	-0.34%
EURUSD	1.0192	1.0202	-0.10%
EURINR	81.17	81.46	-0.36%
GBPUSD	1.2173	1.2151	0.18%
GBPINR	96.94	97.02	-0.08%

Global Bonds

Country	Close	Pvs. Close	Change
India	7.332	7.338	-0.006
US	2.671	2.785	-0.114
UK	1.854	1.954	-0.1
Japan	0.198	0.203	-0.005
Germany	0.801	0.938	-0.137

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	4892.17	4986.17	-94
Debt	155.07	693.6	-538.53
Net			-632.53

- Euro depreciated by 0.10% yesterday on energy supply concerns. Investors fear that energy crisis will tip region into recession, that could limit scope for central bank to raise interest rates to tame stubbornly high inflation
- Euro is expected to trade with negative bias amid expectation of disappointing economic data from euro area and worries that energy crisis will tip region into recession. Additionally, market fears over stagflation (sluggish growth tied with rising inflation). However, weakness in dollar and rise in risk appetite in the global markets may prevent further downside in single currency. EURINR (Aug) is expected to trade in a range of 81.00-81.70
- Pound appreciated by 0.18% yesterday amid weak dollar and optimistic global market sentiments. However, sharp upside was capped on disappointing economic data from Britain and worries over worsening economic outlook
- Pound is expected to trade with positive bias amid weakness in dollar and rise in risk appetite in the global markets. However, sharp upside may be capped as market anticipate that BOE will likely shy away from large interest rate rise of 50bps and stick to modest 25bps increases in upcoming policy meet. Additionally, expectation of disappointing economic data from Britain and concerns over political uncertainty may hurt sterling. GBPINR (Aug) is expected to trade in a range of 96.70-97.50

Data	Country	Time	Actual	Expected	Previous	Impact
German Prelim GDP q/q	Europe	1:30pm	-	0.10%	0.20%	Medium
CPI Flash Estimate y/y	Europe	2:30pm	-	8.70%	8.60%	High
Prelim Flash GDP q/q	Europe	2:30pm	-	0.20%	0.60%	Medium
Core PCE Price Index m/m	US	6:00pm	-	0.50%	0.30%	High
Personal Spending m/m	US	6:00pm	-	0.90%	0.20%	Medium



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