

December 02, 2022

Daily Currency Outlook

Daily Recommendation

| Currency Pair | Contract | Action | Price | Target | Stoploss | Duration |
|---------------|-------------|--------|-------|--------|----------|----------|
| USDINR | Dec Futures | Sell | 81.35 | 81.05 | 81.50 | 1 day |

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Rupee Outlook and Strategy

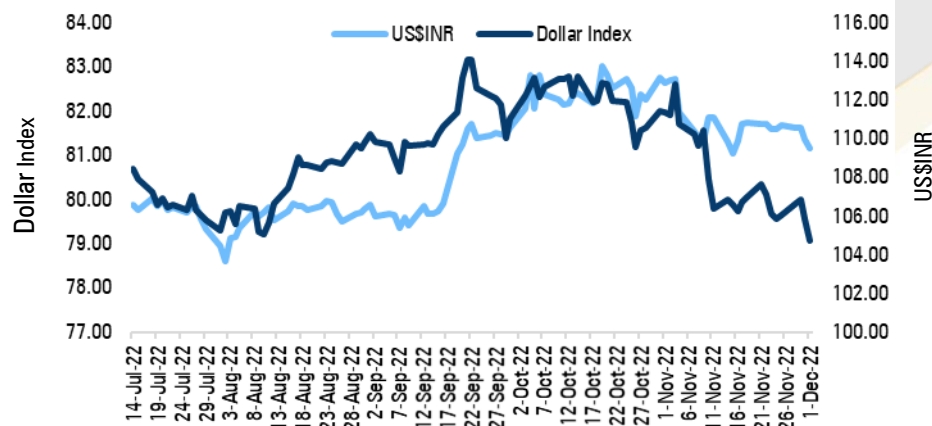
Domestic Currencies

| Futures | Close | % Change | Open Interest | Change in OI | Volume | Change in Vol |
|-------------------|-------|----------|---------------|--------------|---------|---------------|
| USDINR (28th Dec) | 81.36 | -0.17% | 2906623 | 78454 | 4137440 | 1044643 |
| EURINR (28th Dec) | 84.96 | 0.51% | 144213 | 4004 | 239010 | 50148 |
| GBPINR (28th Dec) | 98.81 | 1.05% | 200425 | 36109 | 262232 | -26694 |

Pivot levels

| Futures | S2 | S1 | Pivot | R1 | R2 |
|-----------------------|-------|-------|-------|-------|-------|
| US\$INR (28th Dec-22) | 80.95 | 81.16 | 81.30 | 81.50 | 81.64 |
| US\$INR (27th Jan-23) | 81.10 | 81.31 | 81.45 | 81.66 | 81.80 |
| EURINR (28th Dec-22) | 84.52 | 84.74 | 84.92 | 85.14 | 85.33 |
| EURINR (27th Jan-23) | 84.75 | 84.94 | 85.11 | 85.31 | 85.48 |
| GBPINR (28th Dec-22) | 97.76 | 98.29 | 98.59 | 99.11 | 99.41 |
| GBPINR (27th Jan-23) | 97.96 | 98.46 | 98.75 | 99.25 | 99.54 |
| JPYINR (28th Dec-22) | 59.11 | 59.46 | 59.71 | 60.06 | 60.31 |
| JPYINR (27th Jan-23) | 59.36 | 59.70 | 59.95 | 60.29 | 60.54 |

Dollar Index vs US\$INR



- US dollar slipped yesterday amid decline in US treasury yields. Further, Core PCE Price index showed that the inflation moderated in October adding to expectations that Fed may reduce the pace of rate hike. On top of it, US ISM manufacturing pmi data displayed activity in sector contracted for the first time in 2½ years in November
- Rupee future maturing on December 28 appreciated by 0.17% amid weakness in dollar and positive domestic market sentiments. However, sharp gains were prevented on FII outflows and surge in crude oil prices
- Rupee is likely to appreciate today majorly on the back of weak dollar. Dollar is showing weakness on anticipation that central bank will reduce the pace of rate hike. Additionally, market participants will remain cautious ahead of key job report from US as it influence's Fed policy decision. Meanwhile, surge in crude oil prices may prevent sharp gains in rupee. USDINR (Dec) may trade in a range of 81.05-81.50

US\$INR Strategy

US\$INR Dec futures contract (NSE)

Sell USDINR in the range of 81.34-81.35

Target: 81.05

Support: 81.15/81.05

Stoploss: 81.50

Resistance: 81.50/81.60

Follow-up

| Currency Pair | Contract | Action | Price | Target | Stoploss | Comment |
|---------------|-------------|--------|-------|--------|----------|---------|
| EURINR | Dec Futures | Buy | 85.00 | 85.40 | 84.80 | Exit |

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 | 104.73 | 105.87 | -1.08% |
| US\$INR | 81.17 | 81.35 | -0.22% |
| EURUSD | 1.0526 | 1.0430 | 0.92% |
| EURINR | 85.45 | 84.56 | 1.05% |
| GBPUSD | 1.2254 | 1.2055 | 1.65% |
| GBPINR | 99.44 | 97.95 | 1.52% |

10 year government - Global Bonds Yields

| Country | Close | Pvs. Close | Change |
|---------|-------|------------|--------|
| India | 7.210 | 7.280 | -0.07 |
| US | 3.510 | 3.610 | -0.1 |
| UK | 3.095 | 3.156 | -0.061 |
| Japan | 0.248 | 0.250 | -0.002 |
| Germany | 1.794 | 1.889 | -0.095 |

Daily Trends in FPI Investment

| Segment | Purchase | Sell | Net Rs Crore |
|---------|----------|----------|--------------|
| Equity | 39585.42 | 30672.77 | 8912.65 |
| Debt | 467.3 | 139.09 | 328.21 |
| Net | | | 9240.86 |

- Euro rallied yesterday majorly on the back of weakness in dollar and rise in risk appetite in the domestic markets. However, further upside was capped on disappointing economic data from Euro Area. German Retail sales declined by 2.8% in October 2022 and Euro Zone manufacturing PMI data showed activity in sector contracted for 5th Consecutive month
- Euro is expected to trade with a positive bias amid weak dollar. However, sharp upside may be capped as series of disappointing economic data from Euro Zone signals that economy is in trouble. Rising borrowing cost to tame soaring inflation is hampering economic growth. Statements from most of the policymaker suggest that central bank will continue to hike rates going forward despite of recessionary fears. EURUSD is taking support near 1.0450 levels, as long as it sustains above this level EURUSD may rise back to 1.0600 levels. EURINR (December) is expected to trade in a range of 85.10-85.70
- Pound appreciated yesterday majorly on the back of weakness in dollar. However, further rally was capped on muted domestic market sentiments and disappointing economic data from country. Manufacturing PMI data showed activity in sector contracted for 4th Consecutive month
- Pound is expected to trade with a positive bias mainly on the back of weak dollar. However, sharp upside may be capped on concern that rising borrowing cost may hurt households who are already grappling with cost of living crisis. GBPUSD is holding support near 1.2150 level. As long as it sustains above this level pound may rise to 1.2350 levels. GBPINR (December) is expected to trade in a range of 99.20-99.80

| Data | Country | Time | Actual | Expected | Previous | Impact |
|-----------------------------|---------|----------|--------|----------|----------|--------|
| German Trade Balance | Europe | 12:30 PM | - | 5.3B | 3.7B | Medium |
| Average Hourly Earnings m/m | US | 7:00 PM | - | 0.30% | 0.40% | High |
| Non-Farm Employment Change | US | 7:00 PM | - | 200K | 261K | High |
| Unemployment Rate | US | 7:00 PM | - | 3.70% | 3.70% | High |



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