

December 05, 2022

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
EURINR	Dec Futures	Buy	85.80	86.20	85.60	1 day

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Rupee Outlook and Strategy

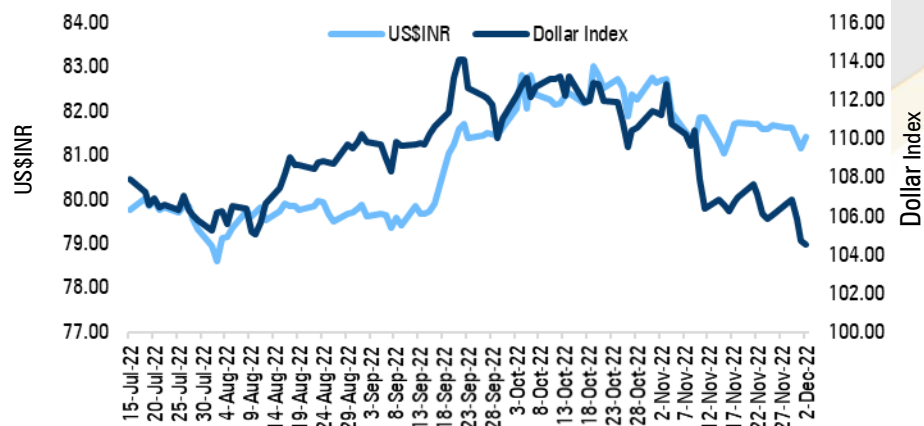
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (28th Dec)	81.43	0.09%	2819081	-87542	2862229	-1275211
EURINR (28th Dec)	85.80	0.99%	167512	23299	189467	-49543
GBPINR (28th Dec)	99.93	1.13%	221280	20855	253091	-9141

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (28th Dec-22)	81.08	81.25	81.36	81.53	81.63
US\$INR (27th Jan-23)	81.23	81.40	81.50	81.67	81.77
EURINR (28th Dec-22)	85.22	85.51	85.67	85.96	86.13
EURINR (27th Jan-23)	85.51	85.74	85.87	86.11	86.24
GBPINR (28th Dec-22)	99.07	99.50	99.74	100.17	100.41
GBPINR (27th Jan-23)	99.26	99.66	99.89	100.30	100.52
JPYINR (28th Dec-22)	59.61	60.25	60.62	61.26	61.62
JPYINR (27th Jan-23)	60.03	60.58	60.90	61.45	61.77

Dollar Index vs US\$INR



- The US dollar slipped on Friday amid a decline in US treasury yields. Further, Chicago Fed President Charles Evan said the Fed will probably reach a slightly higher peak funds rate but the pace of interest rate hikes is likely to slow down. Meanwhile, sharp downside was cushioned on strong job data. Employers added 263,000 jobs in November while the unemployment rate held steady at 3.7%
- Rupee future maturing on December 28 depreciated by 0.09% amid weak domestic market sentiments. Moreover, investors remained cautious ahead of job data from the US to get more clues on the rate hike path
- The rupee is likely to appreciate today amid a weak dollar and rise in risk appetite in domestic markets. Additionally, persistent FII inflows may support the rupee. Meanwhile, sharp gains may be prevented on a rise in crude prices after Opec+ agreed to stick to their October plan to cut output by 2 million bpd from November through 2023. US\$INR (December) may trade in a range of 81.15-81.60

EURINR Strategy

EURINR Dec futures contract (NSE)

Buy EURINR in the range of 85.78.34-85.80

Target: 86.20

Stoploss: 85.60

Support: 85.60/85.50

Resistance: 86.20/86.45

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Dec Futures	Sell	81.35	81.05	81.50	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	104.50	104.73	-0.22%
US\$INR	81.41	81.17	0.30%
EURUSD	1.0540	1.0526	0.13%
EURINR	85.83	85.45	0.44%
GBPUSD	1.2287	1.2254	0.27%
GBPINR	100.03	99.44	0.59%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.221	7.210	0.011
US	3.488	3.510	-0.022
UK	3.142	3.095	0.047
Japan	0.251	0.248	0.003
Germany	1.823	1.794	0.029

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	7931.43	9406.61	-1475.18
Debt	649.32	583.06	66.26
Net			-1408.92

- The Euro edged up on Friday mainly on the back of weakness in the dollar and optimistic domestic market sentiments. Further, a decline in natural gas prices aided the eurozone as it reduced input cost. However, sharp upside was capped on mixed batch of economic data from the euro area
- The Euro is expected to trade with a positive bias amid a weak dollar and decline in energy prices. However, sharp upside may be capped on expectations of disappointing economic data from the euro zone. Euro area services PMI data is likely to show that activity in sector contracted for a third consecutive month. Retail sales data is anticipated to decline by 1.7% in October 2022. 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 85.60-86.20
- The pound appreciated on Friday mainly on the back of weakness in the dollar. However, sharp upside was capped on muted domestic market sentiments and Britain's gloomy economic outlook
- The pound is expected to trade with a positive bias mainly on the back of weak dollar. However, sharp upside may be capped on expectations of disappointing economic data. Further, investors are worried over inflation, as it is still running at four decade high. To tame that BoE is likely to hike rates in upcoming meeting. Rising borrowing cost may hurt households who are already grappling with a cost of living crisis. GBPUSD is holding support near 1.2150 level. As long as it sustains above this level the pound may rise to 1.2350 levels. GBPINR (December) is expected to trade in a range of 99.80-100.50

Data	Country	Time	Actual	Expected	Previous	Impact
Final Services PMI	Europe	2:30 PM	-	48.6	48.6	Medium
Sentix Investor Confidence	Europe	3:00 PM	-	-27.6	-30.9	Medium
Retail Sales m/m	Europe	3:30 PM	-	-1.70%	0.40%	Medium
ISM Services PMI	US	8:30 PM	-	53.5	54.4	High
Factory Orders m/m	US	8:30 PM	-	0.70%	0.30%	Medium



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