

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

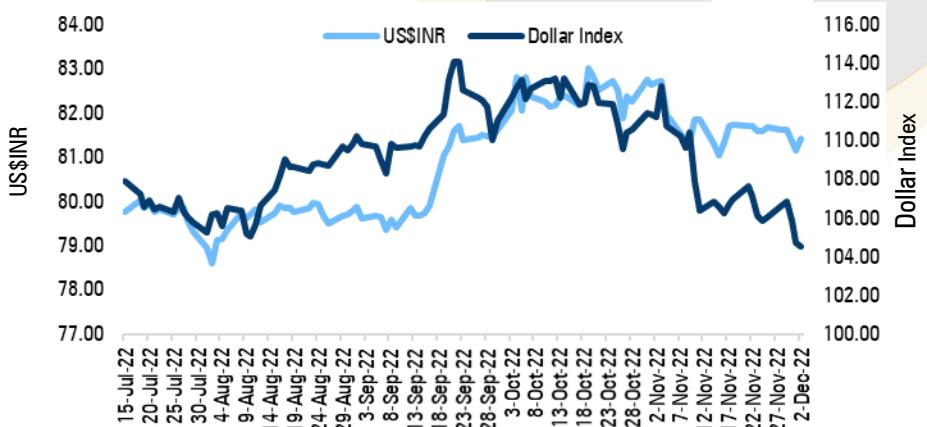
Domestic Currencies

| 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



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- The US dollar slipped on Friday amid a decline in US treasury yields. Further, Chicago Fed President Charles Evans 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 85.78-84.80

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.

Euro and Pound Outlook

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

Economic Calendar

| 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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