December 27, 2022

Daily Currency Outlook

Daily Recommendation

Curreny Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Dec Futures	Sell	82.80	82.50	82.95	1 day

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Rupee Outlook and Strategy

ICICI direct Research

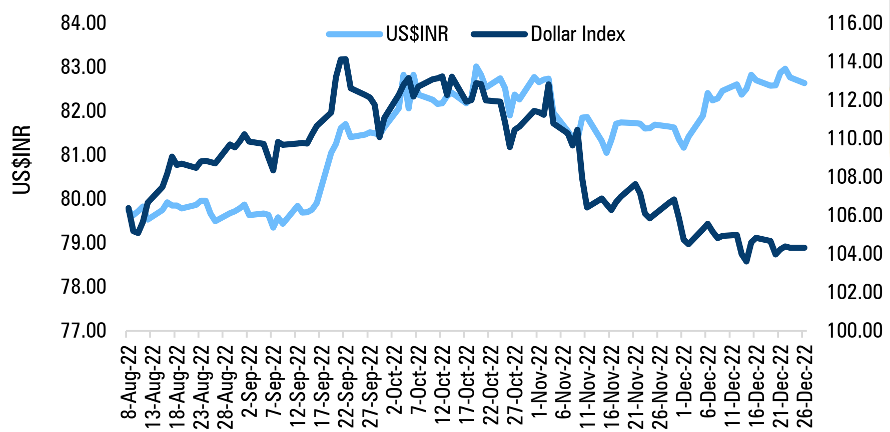
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (28th Dec)	82.69	-0.19%	2333517	-280389	1835745	-497141
EURINR (28th Dec)	87.89	-0.11%	114607	-18238	68111	-95074
GBPINR (28th Dec)	99.84	-0.22%	155487	-8395	117733	-68920

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US$INR (28th Dec-22)	82.52	82.61	82.73	82.82	82.94
US$INR (27th Jan-23)	82.68	82.76	82.89	82.97	83.10
EURINR (28th Dec-22)	87.73	87.81	87.93	88.00	88.12
EURINR (27th Jan-23)	87.94	88.03	88.19	88.27	88.43
GBPINR (28th Dec-22)	99.61	99.73	99.86	99.98	100.11
GBPINR (27th Jan-23)	99.68	99.81	100.02	100.15	100.36
JPYINR (28th Dec-22)	61.86	62.03	62.33	62.50	62.81
JPYINR (27th Jan-23)	62.18	62.36	62.70	62.89	63.23

Dollar Index vs US$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- In the past few days, the dollar has been moving in a tight range ahead of holidays and thin trading volume. In the last week of December volatility is usually low. Also, inflation data on Friday showed price pressure is ebbing in US, reinforcing expectations of smaller rate hikes from Fed. Yesterday US markets remained closed for Christmas holiday
- Rupee future maturing on December 28 appreciated by 0.19% yesterday tracking strength in other Asian currencies and optimistic domestic market sentiments. Meanwhile, FII outflows and surge in crude oil prices prevented sharp gains in the rupee
- The rupee is likely to appreciate today on the back of a rise in risk appetite in global markets and weakness in the dollar. Market sentiments improved on hopes of smaller rate hikes from the Fed and sentiments were even lifted after China announced that its requirement for travellers arriving in the country to go into quarantine will end in January raising hopes of wider economic reopening. However, a surge in crude oil prices may prevent sharp gains in the domestic currency

US$INR Strategy

US$INR Dec futures contract (NSE)	
Sell USDINR in the range of 82.78-82.80	
Target: 82.50	Stoploss: 82.95
Support: 82.50/82.40	Resistance: 82.95/83.05

Follow-up

Curreny Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Dec Futures	Sell	82.85	82.55	83.00	Profit Booked

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	104.32	104.32	0.00%
US$INR	82.63	82.76	-0.16%
EURUSD	1.0634	1.0613	0.20%
EURINR	88.18	87.89	0.33%
GBPUSD	1.2053	1.2046	0.06%
GBPINR	99.98	99.73	0.25%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.319	7.318	0.001
US	3.751	3.751	0
UK	3.642	3.642	0
Japan	0.471	0.373	0.098
Germany	2.398	2.409	-0.011

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	3479.49	4357.25	-877.76
Debt	124.84	128.84	-4
Net			-881.76

- In the past few days, the Euro has been moving in a range between 1.0660 and 1.0570 ahead of the holiday season and thin trading volume. In the meantime, weakness in the dollar, hawkish statements from ECB officials and better-than-expected economic data from the euro area continued to support the single currency

- The Euro is expected to trade with a positive bias for the day amid a weak dollar and optimistic global market sentiments. However, sharp upside may be capped in the absence of any major economic data. EURUSD is holding support near 1.0570 levels. As long as it sustains above this level, it may rise back to 1.0700 levels. EURINR (December) is expected to trade in a range of 87.60-88.40

- The pound has been showing weakness in the past couple of days mainly on the back of a series of disappointing economic data from Britain and as BoE was the only major central bank that signalled caution about raising rates much higher. However, weakness in the dollar cushioned further downside in the sterling

- The pound is expected to trade with a positive bias for the day amid weakness in the dollar and rise in risk appetite in global markets. However, sharp upside may be capped in anticipation of BOE remaining dovish next year and on concerns that cost-of-living crisis would eat into household finances. The GBPUSD is likely to rise back till 1.2150 level as long as it sustains above 1.2020 level. GBPINR (December) is expected to trade in a range of 99.80-100.50

Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
Goods Trade Balance	US	7:00 PM	-	(96.2B)	(99.0B)	Medium
HPI m/m	US	7:30 PM	-	-0.90%	0.10%	Medium
S&P/CS Composite-20 HPI y/y	US	7:30 PM	-	8%	10.40%	Medium

Source: Bloomberg, Reuters, ICICI Direct Research

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