

January 5, 2023

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Jan Futures	Sell	82.90	82.50	83.10	1 day

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Rupee Outlook and Strategy

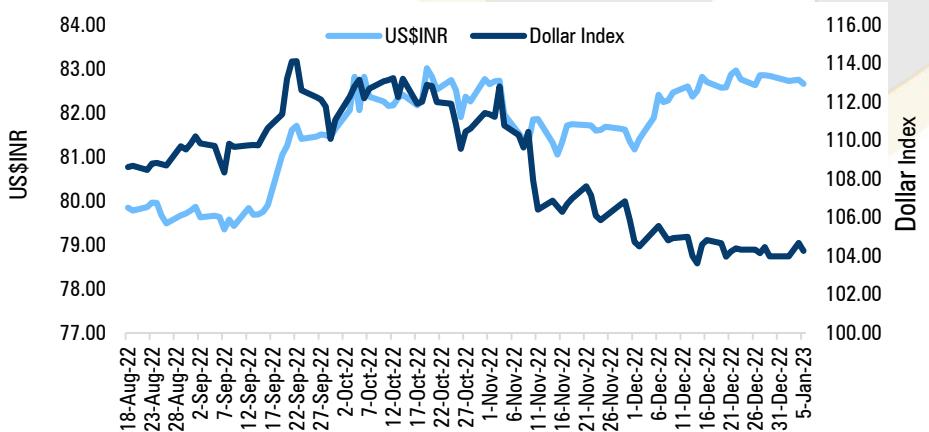
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Jan)	82.92	-0.23%	3592714	-59215	2366236	529203
EURINR (27th Jan)	88.16	0.62%	176242	-39364	238656	92115
GBPINR (27th Jan)	100.13	1.08%	154528	7494	313693	31130

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (27th Jan-23)	82.70	82.81	82.93	83.04	83.16
US\$INR (24th Feb-23)	82.87	82.96	83.06	83.15	83.25
EURINR (27th Jan-23)	87.46	87.81	88.02	88.37	88.57
EURINR (24th Feb-23)	87.74	88.09	88.28	88.63	88.83
GBPINR (27th Jan-23)	98.98	99.55	99.89	100.46	100.80
GBPINR (24th Feb-23)	99.04	99.68	100.04	100.68	101.04
JPYINR (27th Jan-23)	63.34	63.58	63.78	64.02	64.22
JPYINR (24th Feb-23)	63.61	63.84	64.03	64.26	64.45

Dollar Index vs US\$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- The US dollar slipped by 0.4% yesterday after US FOMC meeting minutes failed to provide any new information about the size of its expected rate hike in the upcoming meeting. As per CME Fedwatch tool, probability of a 25 bps rate hike in the February meeting is 69.7%. Further, ISM manufacturing PMI data showed activity in the sector contracted for a second consecutive month
- Rupee future maturing on January 27 appreciated by 0.23% tracking weakness in the dollar and sharp decline in crude oil prices. However, sharp gains were prevented on risk aversion in domestic markets
- The rupee is likely to appreciate today amid a weak dollar and softening of crude oil prices. Further, optimistic global market sentiments may support the currency pair. Meanwhile, sharp gains may be prevented as investors are wary ahead of major economic data from the US. US job data is likely to show that labour market remained tight. US\$INR (January) is facing strong resistance near 83.10 levels. As long as it sustains below this level it may slip back to 82.50 levels

US\$INR Strategy

USDINR Jan futures contract (NSE)

Sell USDINR in the range of 82.88-82.90

Target: 82.50

Stoploss: 83.10

Support: 82.60/82.50

Resistance: 83.10/83.20

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
EURINR	Jan Futures	Sell	87.90	87.50	88.10	Stoploss 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.

Euro and Pound Outlook

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	104.26	104.68	-0.40%
US\$INR	82.66	82.75	-0.11%
EURUSD	1.0601	1.0546	0.52%
EURINR	87.67	87.32	0.40%
GBPUSD	1.2053	1.1966	0.73%
GBPINR	99.63	99.03	0.61%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.321	7.321	0
US	3.686	3.743	-0.057
UK	3.500	3.652	-0.152
Japan	0.461	0.417	0.044
Germany	2.286	2.383	-0.097

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	3319.95	3576.23	-256.28
Debt	496.25	1329.24	-832.99
Net			-1089.27

- The Euro appreciated by 0.52% yesterday amid weakness in the dollar and rise in risk appetite in global markets. However, sharp upside was capped as CPI data from France, Germany and Spain showed that price pressure eased. Softer inflation led to speculation that the central bank may reduce the magnitude of rate hikes and may even pause it sooner than anticipated
- The Euro is expected to trade with a positive bias mainly on a weak dollar and optimistic global market sentiments. Additionally, expectation of improved economic data from the euro area may support the single currency. EURUSD is holding support near 1.0560 levels. As long as it sustains above this level it may rise till 1.0700 levels. EURINR (January) is expected to trade in a range of 87.85-88.40
- The pound appreciated by 0.73% yesterday amid a weak dollar and rise in risk appetite in global markets. However, sharp upside was capped on disappointing economic numbers. Data showed Britain's housing market slowed. British lenders approved 46075 mortgages in November down from 57875 in October, the lowest level since June 2020
- The pound is expected to trade with a positive bias amid weakness in the dollar and rise in risk appetite in global markets. Meanwhile, expectation of disappointing economic data from Britain may cap sharp upside. GBPUSD is likely to rise till 1.2130 level as long as it sustains above 1.1960 level. GBPINR (January) is expected to trade in a range of 99.50-100.40

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
PPI m/m	Europe	3:30 PM	-	-0.80%	-2.90%	Medium
ADP Non-Farm Employment Change	US	6:45 PM	-	152K	127K	High
Unemployment Claims	US	7:00 PM	-	230K	225K	High
Trade Balance	US	7:00 PM	-	(64.2B)	(78.2B)	Medium
Crude Oil Inventories	US	9:30 PM	-	1.5M	0.7M	Medium



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