

January 12, 2023

# Daily Currency Outlook

## Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Jan Futures	Sell	81.95	81.55	82.10	1 day

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# Rupee Outlook and Strategy

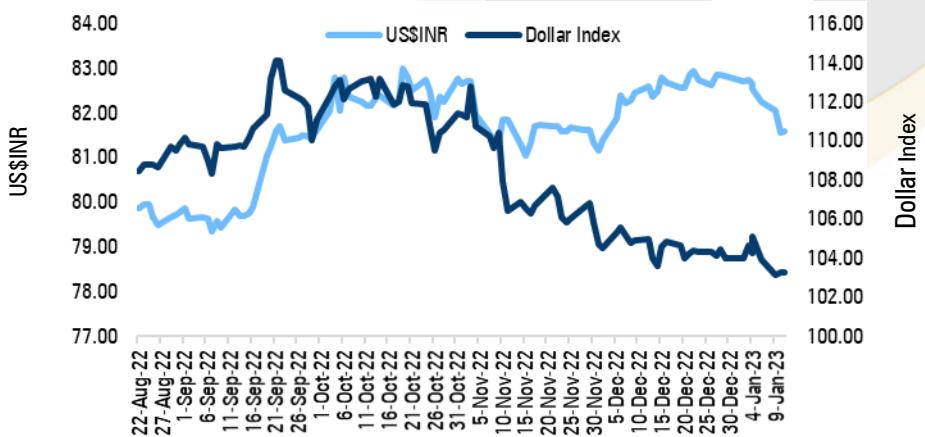
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Jan)	81.71	-0.15%	3164683	-135466	3468497	-1167515
EURINR (27th Jan)	87.89	-0.08%	141203	-6398	215951	-30960
GBPINR (27th Jan)	99.12	-0.47%	117665	-372	229401	-75660

## Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (27th Jan-23)	81.38	81.55	81.74	81.90	82.10
US\$INR (24th Feb-23)	81.56	81.70	81.86	82.00	82.17
EURINR (27th Jan-23)	87.43	87.66	87.87	88.10	88.31
EURINR (24th Feb-23)	87.74	87.95	88.15	88.37	88.57
GBPINR (27th Jan-23)	98.64	98.88	99.27	99.51	99.90
GBPINR (24th Feb-23)	98.88	99.10	99.48	99.70	100.08
JPYINR (27th Jan-23)	60.96	61.40	61.74	62.18	62.52
JPYINR (24th Feb-23)	61.76	61.96	62.19	62.39	62.62

## Dollar Index vs US\$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- The US dollar ended flat on Wednesday ahead of key US CPI print. The US 10-year yield declined while equities marked a significant gain amid expectation of cooling inflation number that could provide room for the Fed to dial back on its aggressive rate hike. CPI is expected to decline to 6.5% YoY against the previous reading of 7.1%
- Rupee future maturing on January 27 continued its appreciation yesterday and settled at 81.7075 as it breached the key support at 81.80
- The rupee is likely to gain strength on weakness in the dollar and rise in risk appetite in global markets. Further, the rupee may gain strength on expectation of improved economic data from India. CPI data is likely to show inflation remained within RBI's comfort zone for a second consecutive month. Industrial production data is likely to show that output grew in November. US\$INR (January) is expected to appreciate towards 81.40 as long as it remains below the 50 day SMA at 82.10

## US\$INR Strategy

### USDINR Jan futures contract (NSE)

Sell USDINR in the range of 81.95-81.98

Target: 81.55

Support: 81.55/81.40

Stoploss: 82.10

Resistance: 82.10/82.22

## Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Jan Futures	Sell	82.05	81.62	82.24	Not Initiated

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	103.26	103.27	-0.02%
US\$INR	81.61	81.58	0.03%
EURUSD	1.0756	1.0737	0.18%
EURINR	87.82	87.63	0.21%
GBPUSD	1.2144	1.2151	-0.05%
GBPINR	99.15	99.14	0.01%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.291	7.313	-0.022
US	3.545	3.623	-0.078
UK	3.405	3.558	-0.153
Japan	0.501	0.508	-0.007
Germany	2.156	2.278	-0.122

## Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	6438.43	8263.8	-1825.37
Debt	223.66	89.08	134.58
Net			-1690.79

- The Euro hit a seven month high on Wednesday but remained in a tight range ahead of key US CPI print. Further, upbeat economic data from the Euro Area supported the single currency. The Italian retail sales numbers have improved to 0.8% in November 2022 against the previous reading of -0.3%
- The Euro is expected to trade with a positive bias as a series of better-than-expected economic data from the region fuelled expectations of growth prospects. EURUSD is likely to extend its gains till 1.0788 levels as long as it sustains above 1.0710 levels. Furthermore, a move above 1.0788 would bring renewed buying interest in the Euro and push it towards 1.0867. EURINR (January) is expected to move towards 88.34 as long as it trades above the key support of 87.30
- The pound moved in a very thin range on Wednesday ahead of a key US CPI print followed by the UK GDP numbers due on Friday. The UK GDP number is expected to decline by 0.2% against the previous reading of 0.5%
- The pound is expected to trade in a tight range unless until it moves out of the consolidation range of 1.2070-1.2210. The breakout of 200 day SMA has helped the pair to gain strength. However, it has to sustain above 1.2080 (200 day SMA) to extend its rally towards 1.2350-1.2400 zone. GBPINR (January) is holding key support near 98.60 and is likely to rise towards 100.10 levels

# Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
CPI y/y	US	7:00 PM	-	6.50%	7.10%	High
Unemployment Claims	US	7:00 PM	-	216 k	204 k	Medium



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