

January 18, 2023

# Daily Currency Outlook

## Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Jan Futures	Sell	81.78	81.40	82.00	1 day

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# Rupee Outlook and Strategy

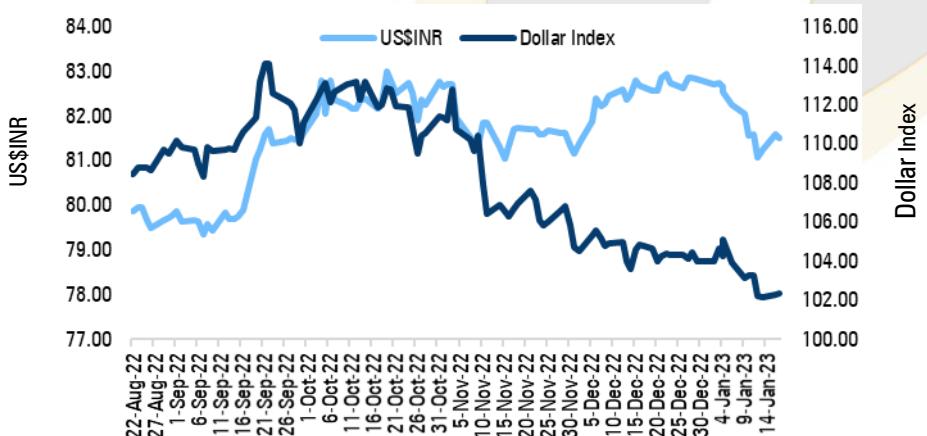
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Jan)	81.83	0.23%	3175358	36983	2478753	-360691
EURINR (27th Jan)	88.57	0.21%	158262	3620	182510	38553
GBPINR (27th Jan)	100.00	0.11%	118257	4378	273468	39963

## Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	81.62	81.72	81.83	81.93	82.03
US\$INR (Feb)	81.65	81.80	81.92	82.07	82.20
EURINR (Jan)	88.33	88.45	88.58	88.70	88.84
EURINR (Feb)	88.85	177.70	88.85	177.70	88.85
GBPINR (Jan)	99.93	199.85	99.93	199.85	99.93
GBPINR (Feb)	100.11	200.22	100.11	200.22	100.11
JPYINR (Jan)	63.66	127.32	63.66	127.32	63.66
JPYINR (Feb)	63.87	127.74	63.87	127.74	63.87

## Dollar Index vs US\$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- The US dollar gained a bit to settle above the 102.30 mark on Tuesday ahead of BoJ's monetary policy. The expectation of a bigger-sized rate hike from the US has vanished after last week's softer inflation number, which has restricted the dollar from breaching 102.70 level. The major trend is weak as the probability of 25 bps hike in the next policy has remained above 94.0%
- Rupee future maturing on January 27 depreciated by 0.23% to settle at 81.83 on Tuesday amid higher crude oil prices and recovery in the dollar index
- The rupee is expected to appreciate amid softness in the dollar ahead of expectation of weaker retail sales numbers. Further, US PPI is expected to decline towards -0.1%. The softness in the US PPI would diminish the bets of aggressive rate hike by Fed. US\$INR is likely to face key resistance of 50 day EMA at 82 and slide towards the initial supports at 81.40 and 81.20

## US\$INR Strategy

### USDINR Jan futures contract (NSE)

Sell USDINR in the range of 81.78-81.80

Target: 81.40

Support: 81.40/81.20

Stoploss: 82.00

Resistance: 81.85/82.00

## Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Jan Futures	Sell	81.75	81.30	82.00	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	102.38	102.31	0.07%
US\$INR	81.52	81.61	-0.11%
EURUSD	1.0787	1.0821	-0.31%
EURINR	87.96	88.38	-0.47%
GBPUSD	1.2285	1.2189	0.78%
GBPINR	100.12	99.54	0.58%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.333	7.327	0.006
US	3.553	3.538	0.015
UK	3.331	3.391	-0.06
Japan	0.501	0.498	0.003
Germany	2.090	2.173	-0.083

## Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	8515.82	6945.09	1570.73
Debt	607.17	198.03	409.14
Net			1979.87

- The Euro erased its gains as better-than-expected German economic sentiment data failed to provide any support to the pair. The positive reading since February 2022 has suggested an improvement in the economic situation. Meanwhile, expectation of a decline in inflation numbers in the region due to lower gas prices has diminished the bets for aggressive rate hike in the near term
- The Euro is expected to dip towards the next support level of 1.0730 as it breached the key level at 1.08. Further, the expectation of easing of euro zone CPI, which is likely to slide towards 9.2% for the first time in the last two months would force the ECB to change its hawkish stance. The Euro is expected to slip towards 1.0750-1.0730 as long as it remains below the 1.08 mark. EURINR (January) failed to break the 89 mark and witnessed a decline. It is expected to resume its weakness towards 87.80-87.60 zone as long as it trades below 89.00
- The pound gained the most as a tight labour market and eye catching pay growth numbers supported a further rate hike by the BoE. The UK monthly unemployment rate remains steady at 3.7% whereas average earnings including bonus figure rose to 6.4% from the previous reading of 6.1%
- The pound is expected to trade with a positive bias as the combination of super-heated inflation, rising wages, and a strong labour market may force the BoE towards hiking rates by more than expected at next month's MPC meeting. Today's CPI is expected to stay near the 10.5% mark. GBP is likely to rally towards 1.2365 as long as it holds above 1.2220. GBPINR (January) is likely to rise towards 100.50, followed by 101 as long as it holds above the key support of 99.60

# Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
CPI (YoY) (Dec)	GBP	12:30 PM	-	10.60%	10.70%	High
CPI (YoY) (Dec)	EUR	3:30 PM	-	9.20%	9.20%	High
Retail Sales (MoM) (Dec)	US	7:00 PM	-	-0.40%	-0.20%	High
PPI (MoM) (Dec)	US	7:00 PM	-	-0.10%	0.30%	High
Industrial Production (MoM) (Dec)	US	7:45 PM	-	-0.10%	0.30%	High



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