

January 19, 2023

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Jan Futures	Sell	81.73	81.20	81.95	1 day

Research Analysts

Raj Deepak Singh
rajdeepak.singh@icicisecurities.com

Saif Mukadam
saif.mukadam@icicisecurities.com

Rishikesh Lilawat
rishikesh.lilawat@icicisecurities.com

Anup Sahu
anup.sahu@icicisecurities.com

Rupee Outlook and Strategy

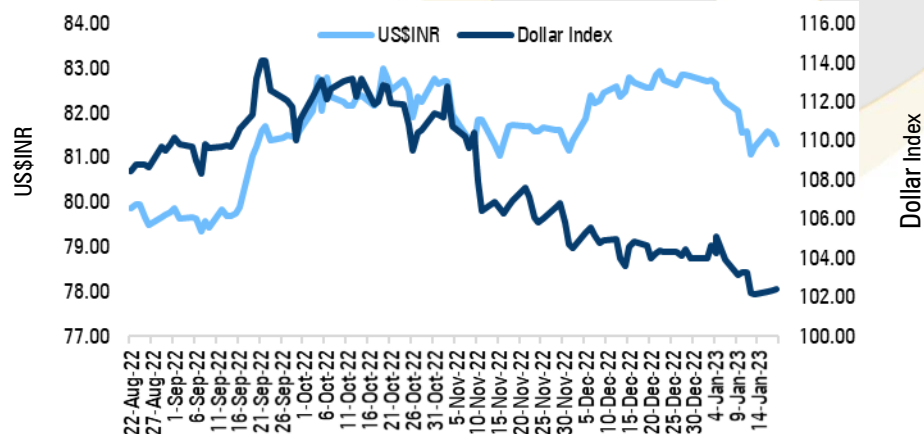
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Jan)	81.34	-0.60%	3211824	36466	3723159	1244406
EURINR (27th Jan)	88.21	-0.59%	139855	-18407	240365	57855
GBPINR (27th Jan)	100.48	0.48%	129244	10987	288062	14594

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	80.91	81.12	81.50	81.71	82.09
US\$INR (Feb)	81.04	81.25	81.62	81.84	82.21
EURINR (Jan)	87.88	88.04	88.23	88.39	88.57
EURINR (Feb)	88.52	177.04	88.52	177.04	88.52
GBPINR (Jan)	100.42	200.83	100.42	200.83	100.42
GBPINR (Feb)	100.58	201.16	100.58	201.16	100.58
JPYINR (Jan)	62.80	125.59	62.80	125.59	62.80
JPYINR (Feb)	63.10	126.20	63.10	126.20	63.10

Dollar Index vs US\$INR



- The US dollar index rebounded from its seven month lows and ended the day with minor gains on hawkish comments from two Fed members. Earlier, the dollar index had slid towards the 101.50 mark amid weak US retail sales data and as supplier level inflation cooled significantly. Weak economic data had backed expectations that the Fed will slow the pace of rate hike
- Rupee future maturing on January 27 appreciated by 0.60% to settle at 81.34 on Wednesday amid optimistic domestic market sentiments and weakness in the dollar
- The rupee is expected to appreciate as long as the pair stays under the 82 mark. Further, anticipation of a weaker set of housing and manufacturing data from the US could restrict the recovery in the dollar. Series of weak economic data from US has fuelled expectations that Fed will reduce the magnitude of rate hike and may even pause it, going forward. For US\$INR 81.20 is key support. A move below would weaken it towards 81.0, followed by 80.80.

US\$INR Strategy

USDINR Jan futures contract (NSE)

Sell USDINR in the range of 81.73-81.75

Target: 81.20

Support: 81.20/81.00

Stoploss: 81.95

Resistance: 81.78/82.00

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Jan Futures	Sell	81.78	81.40	82.00	Target Hit

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.

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.41	102.38	0.03%
US\$INR	81.31	81.52	-0.26%
EURUSD	1.0794	1.0787	0.06%
EURINR	87.89	87.96	-0.08%
GBPUSD	1.2344	1.2285	0.48%
GBPINR	100.49	100.12	0.37%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.325	7.333	-0.008
US	3.372	3.553	-0.181
UK	3.314	3.331	-0.017
Japan	0.426	0.501	-0.075
Germany	2.002	2.090	-0.088

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	8667.68	7308.98	1358.7
Debt	318.82	176.93	141.89
Net			1500.59

- The Euro rose 0.06% on Wednesday after ECB Governing council Member V de Galhau's hawkish comments to maintain the rate hike path steady at 50 bps. Later on the Euro gave up most of its advance after the dollar recovered from its seven month low, following hawkish Fed member's comment
- The Euro is expected dip towards the lower band of the consolidation range 1.74-1.88 as it failed to rally beyond the key psychological mark at 1.09. EURINR (January) is expected to dip towards 87.60 as long as price remains below the 89. Now the focus shifts towards the ECB president Lagarde's speech, which could bring more clarity in the direction of the pair
- The pound held its gains as the headline inflation numbers remained above the 10.00 mark. The increase in Core CPI numbers to 6.3% against market expectation of a rise in 6.2% has raised the chances of 50 bps rate hike in the coming policy. The higher wage growth, strong job numbers along with sticky inflation numbers could force the BoE towards a higher rate
- The pound is expected to trade with a positive bias as long as it sustains above the 1.2260 mark. Now, 1.2445 holds a key barrier for the pair. A move above it would bring fresh buying interest in the trend and push it towards 1.255. GBPINR (January) is likely to rise towards 100.80, followed by 101 as long as it holds above the key support of 99.80

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
Building Permits (Dec)	US	7:00 PM	-	1.370M	1.351M	High
Philadelphia Fed Manufacturing Index (Jan)	US	7:00 PM	-	-1100.00%	-1380.00%	High
Housing Starts (Dec)	US	7:00 PM	-	1.358M	1.427M	Medium
Unemployment Claims	US	7:00 PM	-	215K	204K	Medium
Crude Oil Inventories	US	9:30 PM	-	-	18.96M	Medium



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

DISCLAIMER

ANALYST CERTIFICATION

I/We, Raj Deepak Singh BE, MBA (Finance), Saif Mukadam BSc, MMS (Finance), Rishikesh Lilawat BBA, MBA (Finance), Anup Sahu BSc, MBA (Finance) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.